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BUDGET SUMMARY



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U.S. DEPARTMENT OF AGRICULTURE

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INTRODUCTION

This booklet describes the fiscal year 1994 budget for the U.S. Department of Agriculture (USDA). All references to years refer to fiscal year, except where specifically noted.

The booklet is divided into the following sections:

- Investment Proposals. This section includes the Department's programs that have major additions to base funding for ongoing activities, the purpose of which is to improve productivity and provide a wide range of critical physical and human capital initiatives. The 1994 estimates reflected throughout this booklet include these requests.
- Savings Proposals. These proposals are a part of a governmentwide effort to eliminate spending that is unnecessary or wasteful, that provides unjustified subsidies to identifiable segments of the economy, that goes to programs that simply do not work or which are no longer useful in a changed world. Also, included are savings due to the governmentwide reduction of administrative expenses.
- Agency Programs. This section provides detail of the 1994 budget proposals on an agency by agency basis.
- Multiagency Programs. This section describes funding for selected programs that involve multiple agencies.
- Stimulus Supplementals. This section describes the Department of Agriculture's programs that are included in the Administration's Stimulus Proposals. These supplementals are designed to provide a boost to the economy in the short run and create new jobs. All proposed spending in the stimulus package is consistent with proposals for longer term public investment. The 1993 current estimates reflected throughout this booklet include these requests.
- Appendix Tables.

Knowledge of the following basic budget terminology will assist the reader in understanding the budget proposals:

- "Program Level" represents the gross financial value of benefits provided to the public by USDA. These benefits may be in the form of financial assistance through grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance activities, or in-kind benefits such as commodities.
- "Budget Authority" is the authority to commit funds of the Treasury. This authority is normally provided by the Congress through appropriations acts. The President's budget requests the Congress to appropriate or otherwise provide an amount of budget authority sufficient to carry out recommended Government programs.

INTRODUCTION

- "Obligations" are specific commitments of Government funds. In order to make a valid obligation, a sufficient amount of unused budget authority must be available to cover the obligation.
- "Outlays" are cash disbursements from the Treasury to satisfy a valid obligation.

Since the primary purpose of this booklet is to describe the programmatic impact of the 1994 budget, the program level concept has been used in most instances. However, there are some cases where other measures are used and the reader should take care to note which measure is being used in any particular subject area. The reader should also understand that many 1994 estimates are very tentative especially where programs are sensitive to weather or economic conditions.

Questions may be referred to the Office of Budget and Program Analysis at (202) 720-6176.

UNITED STATES DEPARTMENT OF AGRICULTURE
Program Level and Outlays
(Dollars in Millions)

Agency/Program	Program Level				Outlays		
	1992 Actual	1993 Current Estimate	1994 Budget	Change 1993 to 1994	1992 Actual	1993 Current Estimate	1994 Budget
RESEARCH AND EDUCATION							
Agricultural Research Service	\$671	\$668	\$683	\$15	\$663	\$661	\$666
Cooperative State Research Service	433	433	431	-2	381	417	432
Extension Service	419	425	431	6	404	424	417
National Agricultural Library	18	18	18	0	15	17	18
Subtotal	1,541	1,544	1,563	19	1,463	1,519	1,533
Construction	140	124	25	-99	69	99	84
Total, Research and Education	1,681	1,668	1,588	-80	1,532	1,618	1,617
ALTERNATIVE AGRICULTURAL							
RESEARCH AND COMMERCIALIZATION	5	7	20	13	0	2	6
FARM SERVICE AGENCY							
Farm Loan and Grant Programs	2,314	3,434	5,712	2,278	1,179	491	166
Rural Housing Loan and Grant Programs	2,632	3,092	3,911	819	2,362	2,045	2,054
Other Financial Assistance Programs:							
Environmental Conservation Acreage Reserve							
Program:							
Conservation Reserve Program	1,652	1,775	1,827	52	1,661	1,775	1,827
Wetlands Reserve Program	40	0	370	370	0	31	9
Other Conservation Cost-Share Programs	377	487	362	-125	332	516	456
Commodity Credit Corporation Programs	16,487	22,842	19,098	-3,744	9,672	17,033	11,988
Salaries and Expenses	2,231	2,280	2,278	-2	1,526	1,563	1,574
Total, Farm Service Agency	25,733	33,910	33,558	-352	16,732	23,454	18,074
SMALL COMMUNITY AND RURAL DEVELOPMENT							
Rural Development Administration:							
Rural Community Development Programs	1,254	2,548	2,475	-73	957	1,036	1,033
Salaries and Expenses	20	38	39	1	-32	20	9
Subtotal, Rural Development Administration	1,274	2,586	2,514	-72	925	1,056	1,042
Rural Electrification Administration:							
Rural Utility Loans and Grants	1,832	2,010	2,047	37	60	149	142
Pre-Credit Reform Loans	0	0	0	0	-989	-459	-917
Salaries and Expenses	35	38	39	1	-5	0	0
Subtotal, Rural Electrification Admin.	1,867	2,048	2,086	38	-934	-310	-775
Federal Crop Insurance Corporation	1,433	1,289	1,021	-268	954	867	834
Total, Small Community and Rural Development	4,574	5,923	5,621	-302	945	1,613	1,101
INTERNATIONAL PROGRAMS							
Export Credit Guarantees	5,684	5,700	5,700	0	*	*	*
Export Enhancement Program	968	1,200	1,000	-200	*	*	*
Market Promotion Program	200	148	148	0	*	*	*
Other Export Promotion Programs	100	136	124	-12	**	**	**
P.L. 480	1,604	1,699	1,618	-81	972	1,230	1,072
Foreign Agricultural Service	115	118	109	-9	122	118	115
General Sales Manager	9	9	9	0	5	5	5
Office of Intern'l Cooperation & Development ..	39	46	46	0	6	12	12
Total, International Programs	8,719	9,056	8,754	-302	1,105	1,365	1,204

Agency/Program	Program Level				Outlays		
	1992 Actual	1993 Current Estimate	1994 Budget	Change 1993 to 1994	1992 Actual	1993 Current Estimate	1994 Budget
FOREST SERVICE	3,350	3,515	3,394	-121	3,293	3,447	3,367
FOOD AND CONSUMER SERVICES							
Food and Nutrition Service:							
Women, Infants and Children (WIC)	2,673	2,974	3,296	322	2,545	2,908	3,268
Food Stamp Program	22,468	24,080	25,130	1,050	21,804	23,503	25,088
Nutrition Assistance for Puerto Rico	1,002	1,040	1,091	51	996	1,043	1,091
Child Nutrition Programs	6,655	7,306	7,960	654	6,527	7,238	7,872
Food Donations Programs	354	351	339	-12	340	363	341
Emergency Food Assistance Program	165	189	210	21	165	191	209
All Other	125	166	126	-40	120	172	124
Total, Food and Nutrition Service	33,442	36,106	38,152	2,046	32,497	35,418	37,993
Human Nutrition Information Service	11	9	13	4	10	9	12
Section 32 Funds	114	281	300	19	141	75	50
Total, Food and Consumer Services	33,567	36,396	38,465	2,069	32,648	35,502	38,055
MARKETING AND INSPECTION SERVICE							
Food Safety and Inspection Service	534	559	586	27	468	496	410
Animal and Plant Health Inspection Service	488	487	466	-21	448	498	453
Agricultural Marketing Service	235	235	235	0	165	178	161
All Other	60	72	72	0	26	28	22
Total, Marketing and Inspection Programs	1,317	1,353	1,359	6	1,107	1,200	1,046
ECONOMICS AND STATISTICS	145	143	137	-6	140	140	136
DEPARTMENTAL ACTIVITIES							
Departmental Offices	137	137	141	4	133	137	140
Centrally Financed Activities	106	96	96	0	110	113	103
RECEIPTS	0	0	0	0	-1,310	-1,676	-1,828
USDA, TOTAL	79,334	92,204	93,133	929	56,437	66,915	63,021

* Net outlays attributable to these activities are included in CCC totals.

** Funding from CCC and Section 32.

INVESTMENT PROPOSALS

INVESTMENT PROPOSALS

Program Level Increases
(Dollars in Millions)

Program	1994 Budget	1994-97 Estimate
Rural Development Initiative:		
Water and Waste Disposal:		
Loans	\$230.0	\$1,130.0
Grants	140.0	740.0
Business and Industry Loans	200.0	1,700.0
Community Facility Loans	375.0	1,875.0
Intermediary Relending Program	140.4	890.4
Rural Development Grants	30.0	180.0
Single Family Housing Loans	600.0	3,600.0
Housing Repair Loans	30.0	180.0
Housing Repair Grants	18.0	108.0
Rental Assistance Payments	75.0	450.0
Housing Vouchers	75.0	450.0
Enhanced Telecommunications including Distance Learning and Medical Links		
Loans	50.0	50.0
Subtotal, Rural Development Initiative	1,963.4	11,353.4
Food Safety and Inspection Service	18.0	120.0
National Research Initiative	30.0	480.0
Food and Nutrition Service:		
Women, Infants, and Children (WIC)	350.0	2,725.0
Child and Adult Care Food Program	115.0	800.0
Food Stamp Program	603.0	5,758.0
Emergency Food Assistance Program	40.0	244.0
Natural Resource Protection and Environmental Infrastructure	79.0	565.0
Forests for the Future	30.0	180.0
Tree Planting Initiative	25.0	199.0
Forestry Research Initiative	20.0	287.0
Governmentwide Technology Initiative	7.0	84.0
Total, Investments	\$3,280.4	\$22,795.4

NOTE: For the budget authority and outlays associated with these items see page 94.

INVESTMENT PROPOSALS

The President's 1994 proposals include both long-term investments in high priority programs and budget reductions to help deal with the deficit. Major investment proposals for USDA include a program increase of \$3.3 billion in 1994 and a cumulative program increase of \$23 billion during the 1994-1997 period in high priority areas as follows:

- An additional \$2.0 billion in 1994 and \$11.3 billion for 1994-1997 for a major rural development initiative which will include additional investments in business and industrial development as well as housing in rural areas. An additional \$370 million in 1994 and \$1.9 billion for 1994-1997 will be committed for loans and grants that support rural water and waste disposal systems (pages 34 and 39). An additional \$50 million in REA direct telephone loans and Rural Telephone Bank loans is requested to provide additional investment for distance learning and medical link facilities and telecommunication modernization in rural areas (page 43).
- An additional \$18 million in 1994 and \$120 million for 1994-1997 will continue efforts to staff the Meat and Poultry Inspection Program and to initiate additional research to bring about an overall improvement in the meat and poultry inspection system (page 63).
- An additional \$30 million in 1994 and \$480 million for 1994-1997 will be devoted to the National Research Initiative (NRI). Through this initiative competitive grants will be used to assure the best possible research to meet high priority agricultural, food, and environmental research needs. Top flight research is needed to assure the continued competitiveness of U.S. agricultural products in global trade, ensure the food supply's safety and quality, and sustain natural resources. NRI grants are awarded competitively after a stringent peer-review process to ensure that the most qualified research proposals are chosen (page 20).
- \$350 million in 1994 and \$2.7 billion for 1994-1997 for the Women, Infants, and Children Program to ensure that the President's full funding commitment for this program is fulfilled by the end of 1996 (page 60).
- \$115 million in 1994 and \$800 million for 1994-1997 in the Child and Adult Care Food Program to provide nutritious meals to additional Head Start students (page 60).
- \$603 million in 1994 and \$5.8 billion for 1994-1997 for the Food Stamp Program to increase benefits to low-income households and to help offset the effects of the proposed energy tax on these households (page 60).
- \$40 million in 1994 and \$244 million for 1994-1997 for the Emergency Food Assistance Program to provide additional commodities to needy households (page 60).

INVESTMENT PROPOSALS

- \$79 million in 1994 and \$565 million for 1994-1997 will be invested in national forests for natural resource protection and environmental infrastructure. Building on the stimulus initiatives, this proposal would protect and rehabilitate America's inventory of natural and cultural assets, restore the facilities that protect these resources, and improve public access to them (page 55).
- \$30 million in 1994 and \$180 million for 1994-1997 will be invested towards the international goal of reducing worldwide deforestation. At the 1992 Rio "Earth Summit," the U.S. proposed that all countries join in doubling international forestry assistance (page 55).
- \$25 million in 1994 and \$199 million for 1994-1997 for the tree planting initiative to support programs of grants for technical and cost-share assistance to non-industrial rural landowners for a variety of forest stewardship practices, including tree planting. Also funded is a program of grants for urban forestry activities which provides environmental benefits and productive seasonal jobs for urban youth (page 55).
- \$20 million in 1994 and \$287 million for 1994-1997 for a forestry research initiative to increase the breadth of forestry research areas that are investigated. Managing the Nation's forest resources relies increasingly upon scientific information and technology (pages 20, 24, and 55).
- \$7 million in 1994 and \$84 million for 1994-1997 will be invested in a governmentwide technology initiatives for advanced manufacturing, advanced materials, and math and science education. ARS scientists will apply advanced research methods, such as bioconversion, enzyme engineering and improved membrane separation to develop means to produce new products, including biofuels. A portion of the increase proposed for ARS will be used to develop technology to improve farm production efficiency through the integration of biological, engineering and economic models (page 15).

SAVINGS PROPOSALS

MANDATORY SAVINGS

Outlays
(Dollars in Millions)

Program	1994 Budget	1994-97 Estimate
Commodity Credit Corporation:		
Farm Payments Limited to Those With Less Than \$100,000 in Off-farm Income	\$75.0	\$470.0
Limit Wool and Mohair Direct Support Payments to \$50,000 Per Person	10.0	212.0
Honey Subsidies Would Be Eliminated	12.0	32.0
"Triple Base" Acres Would Be Increased From 15% to 25%	0.0	1,340.0
Increase Assessments on Non-Program Crops	0.0	365.0
Eliminate 0/92 and 50/92 Programs	0.0	835.0
Freeze Market Promotion Program	52.3	209.2
Reform Federal Crop Insurance	0.0	739.0
Forest Service:		
Increase Grazing and Recreation Fees	12.0	74.0
New User Fees for Marketing Agreements and Orders	10.7	42.8
Food and Nutrition Service:		
Food Stamp Program, Limit Federal Share of States' Administrative Expenses to 50 percent	20.0	140.0
Total, Mandatory Savings	\$192.0	\$4,459.0

NOTE: For the budget authority and outlays associated with these items see page 95.

The 1994 budget for USDA includes savings of \$192.0 million in 1994 and \$4.5 billion in cumulative 1994-1997 mandatory savings.

- Legislative proposals to achieve savings in commodity price and income support and other Commodity Credit Corporation (CCC) programs beginning with 1994 programs include:
 - \$75 million in 1994 and \$470 million in 1994-1997 will be saved by targeting CCC price support loans and income support payments to farmers with off-farm incomes below \$100,000. Persons with off-farm incomes of \$100,000 or more would be ineligible to receive commodity program price support loans and income support payments under this proposal (page 36).

SAVINGS PROPOSALS

- \$10 million in 1994 and \$212 million in 1994-1997 are projected to be saved by limiting wool and mohair incentive payments to \$50,000 per person. A combined limit of \$50,000 per person for wool and mohair incentive payments would be more comparable with payment limits on other commodities. Under current law, wool and mohair producers are subject to separate payment limits of \$125,000 per person under each program (page 36).
- \$12 million in 1994 and \$32 million in 1994-1997 are projected to be saved by eliminating subsidies to honey producers. Honey price support loans and payments would be terminated effective with the 1994 marketing year. Essential pollination services provided by honeybees are expected to be adequate without the honey subsidy program (page 36).
- In the longer term, proposals to extend and expand commodity price and income support program reforms and cost reductions after the 1995 expiration of the Food, Agriculture, Conservation and Trade Act of 1990 (FACT Act) and the Omnibus Budget Reconciliation Act of 1990 (OBRA) include the following changes which would take effect in 1996 with expected cumulative savings of \$2.54 billion over the 1996-1997 period:
 - Increase non-eligible payment acres (triple base) to 25 percent effective with the 1996 price and income support programs. The "triple base" initiated by the 1990 OBRA made 15 percent of a farm's crop acreage base ineligible for crop deficiency payments (for wheat, feedgrains, rice and cotton). Ineligible acres would be increased to 25 percent effective with the 1996 crops (page 36).
 - Increase assessments and fees on "non-program" crops starting in 1996. The 1990 OBRA imposed assessment (and loan origination fees for oilseeds) on non-program subsidized crops not affected by the "triple base" payment acreage reduction. These assessments or fees for peanuts, tobacco, sugar, dairy, wool, mohair, and oilseeds would be increased in 1996 in proportion to the increase in non-eligible payment acreage for the crops subject to acreage adjustment programs (page 36).
 - Eliminate the 0/92 and 50/92 programs starting in 1996. Cotton and rice producers are currently allowed to receive 92 percent of their normal deficiency payments if they plant as little as half of their acreage base and devote the remaining acres to conserving uses or certain alternative crops. Feed grain and wheat producers may receive 92 percent of the normal deficiency payments without planting any of the program crop. These programs, initiated in the mid-1980's when surplus production was substantial, have removed greater than expected acreage from production while the need for acreage reduction programs has declined (page 36).

SAVINGS PROPOSALS

- \$52.3 million in 1994 and \$209.2 million for 1994-1997 will be saved by freezing the Market Promotion Program (MPP) at the 1993 program level of \$147.7 million. This is a reduction of \$52.3 million from the annual baseline level of \$200 million per year. The MPP provides cost-share assistance to eligible nonprofit agricultural trade organizations, regional State trade associations, and private companies that carry out market promotion activities overseas. The program is administered by the Foreign Agricultural Service (FAS) and is funded by CCC (page 48).
- \$739 million in indemnity payments will be saved for 1994-1997 by reforming the crop insurance program to provide for the phase-in of indemnity payments based on area- or county-wide yields (page 44).
- \$12 million in 1994 and \$74 million for 1994-1997 will be saved by increased grazing and recreation fees. The Administration proposes an increase in grazing fees on public lands as negotiated by the Secretaries of Interior and Agriculture. Grazing fees are charged for an annual permit to graze cattle, sheep, or horses on Federal lands. Also, the Forest Service manages 156 national forests that provide a wide spectrum of outdoor activities. Currently, the FS charges user fees for fully equipped camping sites. In order to generate revenue to maintain and enhance recreation on national forests, the FS would selectively charge entrance fees for developed recreation areas, such as areas where all-terrain vehicles are allowed (page 56).
- \$10.7 million in 1994 and \$42.8 million for 1994-1997 will be saved by establishing a new user fee to recover the Government's cost of administering marketing agreements and orders (page 70).
- \$20 million in 1994 and \$140 million for 1994-1997 will be saved by equalizing the Food Stamp Program's State administrative match at 50 percent (page 60).

SAVINGS PROPOSALS

DISCRETIONARY SAVINGS

Outlays
(Dollars in Millions)

Program	1994 Budget	1994-97 Estimate
Farm Service Agency:		
Create a Single Farm Service Agency	\$59.0	\$723.0
Rural Electrification Administration:		
Make Loans at Treasury Rates	27.0	374.0
Forest Service:		
Phase-out Below-Cost Timber Sales	46.0	274.0
New User Fees:		
Food Safety and Inspection Service	104.0	416.0
Agricultural Marketing Service	6.2	24.6
Federal Grain Inspection Service	6.9	28.3
Agricultural Cooperative Service	0.4	1.9
Reform Federal Crop Insurance Program . . .	105.0	551.0
Reduce Lower Priority Earmarked Programs:		
Agricultural Research Service Facility		
Construction	1.0	24.0
Cooperative State Research Service:		
Facility Construction	3.0	86.0
Special Grants	4.0	96.0
Extension Service Grants	13.0	54.0
Reduce Lower Priority Programs:		
Economic Research Service	7.0	55.3
Foreign Agricultural Service	5.0	35.0
P.L. 480:		
Reduce Title III Grants	30.0	246.0
Enterprise for the Americas		
Debt Reduction	6.0	79.0
Total, Discretionary Savings	\$423.5	\$3,068.1

NOTE: For the budget authority and outlays associated with these items see page 95.

The President's 1994 budget proposes a \$423.5 million discretionary savings from the baseline in 1994 and \$3.1 billion discretionary savings during the 1994-1997 period. Proposals include:

- \$59 million in 1994 and \$723 million for 1994-1997 will be saved by combining the three field service agencies into a single, more efficient Farm Service Agency (page 28).

SAVINGS PROPOSALS

- \$27 million in 1994 and \$374 million for 1994-1997 will be saved by reducing subsidies now provided to rural electrification borrowers. A highly subsidized fund will be maintained to meet the urgent needs of the most needy electric borrowers (page 43).
- \$46 million in 1994 and \$274 million for 1994-1997 will be saved by phasing-out below-cost timber sales on the national forests (page 55).
- \$104 million in 1994 and \$416 million for 1994-1997 will be saved by requiring the meat and poultry industry to pay for all of the cost of work provided by Federal inspectors in their plants beyond a single shift (page 63). An additional \$14 million in 1994 and \$55 million for 1994-1997 will be saved by charging user fees for services provided to specific groups in several programs in Agricultural Marketing Service (page 69), Federal Grain Inspection Service (page 71), and Agricultural Cooperative Service (page 71).
- Administrative expense savings of \$105 million in 1994 and \$551 million for 1994-1997 will be achieved by selectively phasing-in an area-yield insurance concept and phasing-out the individual type policy in the Federal Crop Insurance Program (page 44).
- \$21 million in 1994 and \$260 million for 1994-1997 will be saved through reductions in lower priority agricultural research and extension activities (pages 15, 19 and 23).
- \$7 million in 1994 and \$55.3 million for 1994-1997 will be saved by reducing lower priority programs of the Economic Research Service. The savings for the Economic Research Service will be achieved through a combination of improved program efficiencies, and consolidation of staff around issues and subject matters most essential to the Department's policymaking needs (page 73).
- \$5 million in 1994 and \$35 million for 1994-1997 will be saved by reducing the Foreign Agricultural Services' contribution to the foreign market development cooperator program. Under the proposal, financial support for the overseas expenses of participating organizations will be scaled back in established markets. Program resources will increasingly be focused on participant expansion into areas of the world where market development prospects for U.S. agricultural commodities and products are most promising (page 50).
- \$30 million in 1994 and \$246 million for 1994-1997 will be saved in the P.L. 480 Program by reducing Title III government-to-government grants. Additional savings will be achieved by maintaining the program at this same level through 1998 (page 48).
- \$6 million in 1994 and \$79 million for 1994-1997 will be saved by reducing the amount available to meet the cost of reducing and restructuring P.L. 480 Title I debt of countries in Latin America and the Caribbean under the Enterprise for the Americas Initiative (page 49).

SAVINGS PROPOSALS

ADMINISTRATIVE SAVINGS

Program Level
(Dollars in Millions)

	1994 Budget	1994-97 Estimate
Administrative Savings	\$72.3	\$773.9

As part of a governmentwide effort to assist in controlling the Federal deficit and improving the administrative productivity of the Federal Government, each executive branch agency is required to reduce administrative expenses. For 1994, a three percent reduction from the 1993 base adjusted for inflation is proposed. Further reductions from the baseline are proposed for 1995 (six percent), 1996 (nine percent), and 1997 (fourteen percent).

These reductions were applied to both direct and reimbursable gross obligations for administrative expenses. These expenses are defined as expenditures for contractual services and supplies (object class 20 series) which include:

- Travel and transportation of persons (21.0);
- Transportation of things (22.0);
- Rental payments to others (23.2);
- Communications, utilities and miscellaneous charges (23.3);
- Printing and reproduction (24.0);
- Consulting and other services (25.1 and 25.2); and
- Supplies (26.0).

These reductions were not applied to funds in these object classes for items such as the purchase, storage, and transportation of commodities for the food assistance programs and the Commodity Credit Corporation activities or printing and shipment of food stamps. These are considered programmatic activities and were not subject to the administrative reduction.

SAVINGS PROPOSALS

STAFF YEARS

	1993 Estimate	1994 Budget	1998 Estimate
Total, USDA Staff Years	112,145	110,849	104,642

The personnel estimates for the Department reflect a reduction of 7,503 staff years between 1993 and 1998. This is a reduction of 6.7 percent and is USDA's contribution to the President's governmentwide reduction.

The major changes from 1993 to 1998 are as follows:

- The largest reductions are in the Farm Service Agency due to the consolidation of the Agricultural Stabilization and Conservation Service, the Farmers Home Administration, and the Soil Conservation Service into a single Farm Service Agency. Staff years for this new Agency would decline from 29,577 in 1993 to a level of 22,865 by 1998 (a 23 percent reduction). County office staff years of the Farm Service Agency will be reduced from 15,476 in 1993 to 11,394 by 1998 (a 26 percent reduction).
- The Economic Research Service staff years are reduced by 14 percent from 1993 (793 staff years) to 1998 (682 staff years) to reflect the Administration's proposal to more effectively target resources.
- Most other agencies of the Department are reduced by about 3 percent.
- An increase in staff years is provided for the Food Safety Inspection Service. This is to provide additional staffing for the meat and poultry inspection programs.

RESEARCH AND EDUCATION

AGRICULTURAL RESEARCH SERVICE (ARS)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Operations:			
Soil and Water Conservation	\$81.9	\$82.4	\$83.5
Plant Science	244.8	241.5	244.7
Animal Science	112.5	113.6	115.1
Commodity Conversion and Delivery . .	127.4	129.4	137.1
Investment (incl. above)			(6.0)
Human Nutrition	49.9	49.7	50.1
Integration of Agricultural Systems . . .	26.0	25.8	27.2
Investment (incl. above)			(1.0)
Subtotal, Research Programs	642.5	642.4	657.7
Repair and Maintenance	17.4	17.4	17.4
Contingency Research Fund	0.9	0.9	0.9
Trust Funds	9.8	7.6	7.4
Subtotal, ARS Operations	670.6	668.3	683.4
Construction:			
Building and Facilities	65.6	72.1	24.6
Stimulus (incl. above)		(37.6)	
Total, ARS	\$736.2	\$740.4	\$708.0

ARS conducts basic and applied research at Federal laboratories to solve problems encountered by agricultural producers and consumers of farm and ranch products. Broad areas of emphasis include efficient food and fiber production, groundwater and other natural resource concerns of agriculture, food safety, development of new products and uses for agricultural commodities and support of USDA regulatory and technical assistance programs. ARS is the lead Federal agency for human nutrition research and operates five major labs for this research. In total, ARS conducts research at 126 locations throughout the U.S. and abroad. Beltsville, Maryland is the site of the largest ARS center which is also the world's largest multi-disciplinary agricultural research facility.

A proposed increase of \$15.3 million is included in the budget for research at Federal labs operated by ARS. Increased funding will help offset the cost of annualizing the 1993 pay increase and will provide a \$7.0 million increase in research on advanced manufacturing technologies as part of a governmentwide investment. Funds for this initiative are proposed under commodity conversion and delivery and integration of

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agricultural systems research categories. Scientists will employ advanced research methods, including biotechnology and advanced computer software, to improve the processes for crop and animal production and converting agricultural commodities and wastes into high value products for industry and consumers.

Pursuit of research opportunities with sophisticated advanced methods requires the availability of modern laboratories with capabilities not envisioned when most ARS buildings were constructed. Included in the 1994 budget is \$24.6 million to continue a facility modernization program at five major ARS research locations.

Soil and Water Conservation. Development of a sound scientific basis to provide advanced technical assistance and education to producers to manage and conserve soil and water resources is an emphasis of this research program. Environmental concerns associated with farming and ranching continue to receive attention from the industry and the general public. ARS will continue a major program of water quality research in the midwest and other production areas in cooperation with university researchers. As part of the governmentwide program of research on global change, ARS will target additional resources to better understand potential effects on hydrologic systems at point, watershed and regional scales.

Plant Science. Ongoing research addresses a wide range of crop production issues, including pest and disease resistance, integrated pest management and biological control, maintenance and improvement of plant germplasm for increased production efficiency, and understanding basic plant development and function for long-term enhancements in crop production. Improved crop plant varieties offer significant benefits for the environment, producers and consumers of agricultural products through resistance to disease and pests, improved quality characteristics and greater production. ARS also provides leadership in managing the plant genome mapping program which is primarily funded through the National Research Initiative competitive grants program. The program is targeting economically important genes which plant breeders can incorporate into improved varieties. Availability of a diverse collection of germplasm resources is the foundation for crop variety improvements. ARS supports a nationwide system of genetic resource repositories for this purpose.

Animal Science. ARS operates a number of specialized research facilities to provide solutions to disease, nutrition, reproduction and other problems faced by producers of livestock and poultry. In conjunction with CSRS, funds are also devoted to animal genome mapping and germplasm issues to apply modern research tools to enhance animal productivity and competitiveness.

Commodity Conversion and Delivery. Research focuses on food safety and quality concerns, development of new food and industrial uses for agricultural commodities and elimination of barriers to the export of commodities. ARS also conducts research to address current issues such as the development of alternatives to methyl bromide for quarantine treatments. An increase of \$6.0 million is proposed for commodity conversion in 1994 as part of the governmentwide investment in advanced manufacturing technology

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development. ARS research will explore new technologies for the manufacture of biofuels, including ethanol and biodiesel substitutes, and improved processes to convert agricultural commodities into high value products. Improved manufacturing technology in this area will increase the utilization of bulk agricultural commodities, with benefits for farm income, rural development, the balance of trade and the environment. Work in this area is being closely coordinated with research programs of the Department of Energy and EPA activities.

Human Nutrition. ARS operates five centers dedicated to developing a better understanding of human nutrition needs of children, the elderly, pregnant and lactating women and healthy adults. Results of this work clarify the mechanisms of food components in reducing chronic disease risk and define nutrient interactions. ARS research is closely coordinated with nutrition programs in USDA and the Department of Health and Human Services. Research in this area will also support the implementation of new food labeling requirements.

Integration of Agricultural Systems. Research in this category includes projects to integrate the results of specific programs into production systems which are sustainable, environmentally-benign and profitable for farmers and ranchers. Results include the development of decision support systems for education and technical assistance programs to assist producers in making production decisions and managing natural resources. A \$1 million increase is proposed for 1994 as part of the governmentwide initiative in advanced manufacturing technologies. Recognizing agricultural production as a biological manufacturing system, research will be pursued to provide better decision support systems for farmers and ranchers. New systems will provide advanced technology for farmers to make production decisions which are profitable and environmentally sensitive.

Buildings and Facilities. Innovative research depends upon the availability of modern facilities to solve complex problems through the application of advanced research approaches. Many of the major facilities available to ARS researchers were constructed prior to 1960 and are functionally obsolete and in need of major modernization to correct health and safety code violations. A \$37.6 million increase is proposed for 1993 as part of the President's economic stimulus package. Funds will permit ARS to proceed with the construction of projects which have already been designed. Projects will correct a range of deficiencies at facilities nationwide, including the clean-up of hazardous wastes. A total of \$24.6 million is proposed in 1994 for facility improvements at five priority ARS locations. Funds for lower priority facility projects partially funded in previous years are not included in the budget.

- Albany, California (\$4.7 million) - phase six of an ongoing chemical wing modernization program.

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- Athens, Georgia (\$3.3 million) - construction of an addition to the biocontainment facility for poultry research.
- New Orleans, Louisiana (\$3.6 million) - phase six of an ongoing chemical wing modernization program.
- Beltsville, Maryland (\$10 million) - continued funding for modernization consistent with major facility study.
- Plum Island, New York (\$3 million) - continued modernization of foreign animal disease facility.

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COOPERATIVE STATE RESEARCH SERVICE (CSRS)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Hatch Act Formula	\$168.8	\$168.8	\$173.5
1890 Colleges and Tuskegee Formula . .	27.4	27.4	28.2
Cooperative Forestry Formula	18.5	18.5	28.0
Investment (incl. above)			(9.0)
Animal Health and Disease Formula (Section 1433)	5.6	5.6	0.0
National Research Initiative:			
Natural Resources and Environment . .	18.0	18.0	26.0
Plant Systems	40.0	40.0	45.2
Animal Systems	25.0	25.0	30.0
Nutrition, Food Quality and Health . . .	6.5	6.5	13.0
Processes and New Products	4.0	4.0	9.0
Markets, Trade and Rural Development	4.0	4.0	7.0
Investment (incl. above)			(30.0)
Total, NRI	97.5	97.5	130.2
Special Research Grants	73.1	73.4	34.4
Sustainable Agriculture	6.7	6.7	6.9
Aquaculture Centers	4.0	4.0	4.1
Supplemental and Alternative Crops	1.2	1.2	3.0
Critical Agricultural Materials Act	0.4	0.4	0.0
Rangeland Research Grants	0.5	0.5	0.5
State Agricultural Weather Information System	0.4	0.4	0.0
Federal Administration (direct approp.) .	10.5	10.5	2.1
Higher Education	7.8	7.8	9.0
1890 Capacity Building Grants	10.3	10.3	11.5
Total, Programs	432.7	433.0	431.4
Buildings and Facilities	74.8	52.1	0.0
Total, CSRS	\$507.5	\$485.1	\$431.4

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Federally-funded agricultural research conducted in partnership with the State Agricultural Experiment Stations (SAES) is administered through the Cooperative State Research Service. CSRS also operates competitive grant programs to fund scientifically meritorious research at universities, Federal labs, private organizations and other institutions. Scientists and administrative personnel in CSRS work with the university system to coordinate planning and review programs and projects. CSRS staff participate in planning for governmentwide initiatives and coordinate programs with ARS, the Forest Service and other USDA agencies.

Hatch, 1890 Colleges and Cooperative Forestry Formulas. CSRS provides funds through formula distributions to the SAES through the Hatch Act, cooperative forestry and animal health and disease programs, and to other eligible institutions for forestry and animal health and disease programs. Evans-Allen formula funds support research at the 1890 Colleges and Tuskegee University, the historically black land-grant schools. These programs provide non-earmarked funding for research in food and agricultural sciences and forestry. On a nationwide basis, Hatch Act formula funds represent roughly 9 percent of the research funding at State Agricultural Experiment Stations and formula funds provide nearly 100 percent of the research funding at the 1890 Colleges and Tuskegee University. Increases are proposed to offset inflation. An additional investment of \$9 million is included for the Cooperative Forestry Program as the university component of a USDA initiative to enhance forestry research. Increased funding will broaden the Nation's available scientific base to develop sound policies for forest management and production, including regional ecosystem management.

National Research Initiative. A significant feature of the 1994 CSRS budget is an additional investment in the National Research Initiative (NRI). A wide range of environmental and health and nutrition concerns have added additional complexity to production management decisions faced by agricultural producers. At a national level, there is interest in providing energy security, improving nutritional status, enhancing international competitiveness and providing opportunities for rural residents. Revolutionary developments in the biological sciences have equipped scientists with powerful new tools to solve these traditional and emerging challenges. An increase of \$32.7 million is proposed for the NRI to fund the most highly meritorious research proposals in six categories: Natural Resources and Environment; Plant Systems; Animal Systems; Nutrition, Food Quality and Health; Processes and New Products; and Markets, Trade and Rural Development. Research to develop biomass fuels and new uses for agricultural products will be increased and work to map economically important crop plant genes will be continued at an estimated level of \$13 million in 1994. ARS will continue to have lead responsibility for management of the genome research program.

Special Research Grants. Special Research Grants fund research on designated problem areas at land-grant universities and other institutions. Research grants which target local issues or those which benefit limited specific business sectors are not included in the budget. Research previously funded through these earmarked grants could be funded by the beneficiaries or through the peer-reviewed NRI. Funds are proposed for nine national priority special grant programs.

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- Biomass Energy/Biofuels (\$1 million) - research to improve the production of agriculture-based fuels through better feedstocks and processing methods.
- Global Change (\$3 million) - funding for the development and operation of a ground-based UV-B monitoring network.
- Integrated Pest Management and Biological Control (\$7 million) - this grant supports the development of improved integrated pest management systems, including biological controls and provides funding to address emerging pest issues.
- Minor Use Animal Drugs (\$650,000) - funding to conduct research necessary to obtain FDA clearance of drugs to treat less common diseases and to assist production of less frequently produced (minor) species, including aquacultural species.
- National Biological Impact Assessment Program (\$300,000) - this program supports a database to monitor the impacts of biotechnology.
- Pesticide Clearance (\$10 million) - this grant supports research necessary to obtain EPA registration of pesticides for minor crops, including most fruits and vegetables and ornamental nursery crops.
- Pesticide Impact Assessment (\$3 million) - this program supports collection and analysis of data on pesticide use and benefits for use in EPA reregistration actions.
- Rural Development Centers (\$500,000) - funding to support research at regional rural development centers.
- Water Quality (\$9 million) - funding for water quality research at universities and other institutions as part of the overall USDA Research Plan for Water Quality.

Sustainable Agriculture. Environmental and profitability concerns have led many producers to examine alternative management systems which require the use of fewer purchased inputs. There is a need to conduct scientific research to develop and improve these management practices for adoption in a wide variety of climate, soil and crop settings. Funds are proposed to support a program in all regions of the country which involves farmers and other interested parties in determining program priorities and grant awards. Sustainable agriculture research is also conducted through the State Agricultural Experiment Stations and the Agricultural Research Service.

Aquaculture Centers. Aquaculture is the fastest growing sector of American agriculture and there are additional opportunities to meet growing demands for fisheries products through aquaculture. Five regional centers support a variety of projects in genetics, nutrition, health, processing and marketing to support the growth of this sector of agriculture which offers the potential to enhance the rural economy and lower the current trade deficit in fisheries products.

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Supplemental and Alternative Crops. Agriculture offers a potential source of raw materials for industrial uses which are now supplied through imported products. As part of a governmentwide initiative to develop advanced materials, research will be conducted to characterize vegetable oils and develop processes to convert these commodities into high value industrial inputs. Work will be conducted in cooperation with universities and private industry to assure commercial relevance.

Higher Education. Funds are proposed to continue successful ongoing programs which support graduate education and improve instructional capabilities in the food and agricultural sciences. Increased funding is proposed for the 1890 Capacity Building Grants Program which supports partnerships between historically black 1890 institutions and USDA agencies to improve the research and instruction programs at those schools. Funding is also proposed to initiate a Minority Scholars Program to encourage the development of minority talent in the agricultural and closely related sciences. Competitively awarded grants will be made to institutions which will recruit the undergraduate scholars. Grants will provide three years of support and the institution will provide financial support for the student's final year of instruction.

Federal Administration. Funds are provided to support costs of program administration. Set-asides from program funds also provide a portion of Federal administrative expenses. Funds earmarked within this line item for special projects are not included in the budget.

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EXTENSION SERVICE (ES)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Smith-Lever 3(b&c) Formula	\$262.7	\$262.7	\$270.0
1890 Colleges and Tuskegee University Formula	24.7	24.7	27.8
D.C. Extension	1.0	1.0	1.0
Renewable Resources Extension	2.8	2.8	3.8
Investment (incl. above)			(1.0)
National Interest Programs:			
Water Quality	11.4	11.4	11.4
Youth at Risk	10.0	10.0	12.0
Food Safety	1.5	1.5	2.0
Low Income Nutrition (EFNEP)	60.5	60.5	62.2
Nutrition Education Initiative	0.0	3.5	7.1
Sustainable Agriculture	0.0	0.0	3.0
Pest Management	8.2	8.2	8.6
Pesticide Impact Assessment	3.4	3.4	3.4
Farm Safety and Rural Health	2.5	2.7	1.0
New Uses	0.0	0.0	0.2
Rural Development Centers	1.0	1.0	1.0
Agricultural Telecommunications	1.2	1.2	1.2
Rural Health and Safety Education	0.0	2.0	2.0
Socially Disadvantaged Farmers	0.0	1.0	a/
Other Earmarked Programs:			
Rural Technology Grants	0.0	1.0	0.0
Urban Gardening	3.6	3.6	0.0
Indian Reservation Agents	1.5	1.8	0.0
Disadvantaged Farmer Assistance (Section 1440)	2.6	2.6	0.0
Federal Administration (direct approp.)	11.3	10.4	5.6
1890 Extension Facilities	9.5	8.0	8.0
Total, ES	<u>\$419.3</u>	<u>\$424.9</u>	<u>\$431.3</u>

a/ Funded at \$10 million in the Farm Service Agency.

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The Extension Service provides National leadership and coordination for the planning and support of education and technology transfer programs which are carried out in partnership with the States. Extension programs assist individuals and communities in identifying and solving farm, home and local problems through the application of information developed by USDA and the land-grant universities. Federal funds, which provide about one-third of Cooperative Extension funding nationwide, are distributed to the States by statutory formula and on a merit-basis.

Smith-Lever 3(b&c), 1890 Colleges and D.C. Extension Programs. These formula programs provide non-designated support for education and technology transfer programs conducted through the State Cooperative Extension Services. Programs delivered through the 1890 Colleges and Tuskegee University generally focus on small-scale and limited resource producers. Increased funding proposed for programs at the 1890's will enhance the capabilities of these institutions to address national concerns including adolescent pregnancy and health, drug abuse, nutrition and sustainability of small-scale and limited resource farmers.

Renewable Resources Extension. Extension provides grants on a formula basis to support the development and delivery of education programs to assist managers of forests, rangelands and other natural resources. Programs include education on improved timber management and harvesting, wildlife and fisheries management and development of outdoor recreation opportunities. An increase of \$1 million is proposed for 1994 as the Extension component of an initiative for forestry research. Through the Renewable Resources Extension program, new research results will be transferred to natural resource managers.

National Interest Programs.

- Water Quality - extension provides education programs to encourage the voluntary adoption of environmentally benign farm management practices.
- Youth at Risk - competitively awarded grants support community-based programs which provide after school child care and educational opportunities to youth and families at risk. Local matching funds are required.
- Food Safety - funds support the development and delivery of educational programs for food producers and handlers to encourage adoption of safe practices.
- Expanded Food and Nutrition Education Program (EFNEP) - formula grants to States support nutrition education for low-income families.
- Nutrition Education - nutrition education to improve the dietary habits of WIC recipients.

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- Sustainable Agriculture - development of databases, decision support systems and training materials to encourage the adoption of sustainable production systems.
- Pest Management - education to encourage farmers and handlers of agricultural products to adopt integrated pest management techniques.
- Pesticide Impact Assessment - funding to support the collection and analysis of pesticide use and benefits data for EPA registration decisions.
- Farm Safety and Rural Health - education for farmers to reduce occupational injuries and training for rural emergency rescue personnel to better respond to farm accidents.
- New Uses - extension will develop technical guides and educational materials to foster the production of new crops such as rapeseed and kenaf in concert with other USDA activities to support the development of these new crops.
- Rural Development Centers - extension activities at these centers assist rural communities in meeting needs for leadership, infrastructure and business development.
- Agricultural Telecommunications - continued support for the development and delivery of programs on food and agriculture topics through the AG*SAT system.
- Rural Health and Safety Education - continuation of a pilot program in Mississippi to develop training programs for rural health professionals.

Other Earmarked Programs. Funds for selected earmarked grant programs, including special grants funded through the Federal administration line item, are not included in the budget. Increased funds proposed for the formula programs could be used to continue these programs at the discretion of the States.

1890 Facilities Program. Grants for the construction and renovation of research, extension and teaching facilities at the historically black 1890 land-grant institutions are maintained at the 1993 level.

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NATIONAL AGRICULTURAL LIBRARY (NAL)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
National Agricultural Library	\$17.8	\$17.8	\$18.0

The National Agricultural Library, located in Beltsville, Maryland, collects and develops information on agriculture and related sciences and provides information assistance to scientists, extension specialists, managers, farmers and the general public. NAL is working to develop a network with public and private institutions to coordinate the collection, preservation, indexing and cataloging of material pertaining to agricultural and related sciences. NAL produces AGRICOLA, a major bibliographic database which provides coverage of agriculture and related sciences. Several information centers, each focusing on a particular subject area, have been established at NAL to enhance the quality and quantity of information services. In addition to providing traditional library services, NAL is serving a wider audience by using modern electronic information dissemination technology to provide wider access to the world's agricultural literature. Increased funding proposed for 1994 will help offset higher costs of scientific and technical publications acquired by NAL.

ALTERNATIVE AGRIC. RESEARCH AND COMMERCIALIZATION

ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION (AARC)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Alternative Agricultural Research and Commercialization	\$4.5	\$7.2	\$20.0

American agriculture has traditionally been a highly efficient and reliable supplier of bulk commodities in world markets. As foreign competition for these markets increases, there are growing opportunities to supply new, value-added products to meet consumer and industrial needs. Agriculture and forestry based products can address environmental concerns, reduce the use of nonrenewable and imported raw materials, improve the U.S. balance of trade, reduce farm program costs and enhance rural development opportunities. Advanced research techniques including biotechnologies and process engineering provide scientists with powerful tools to capitalize on unique properties of plant and animal commodities to develop novel products for domestic and foreign markets.

While research has led to a number of new process and product technologies, there is a gap between the completion of research and the actual commercialization of the technology. Through a variety of means, AARC provides assistance in partnership with the private sector to encourage the commercialization of new nonfood, nonfeed products based on agricultural and forestry commodities. Increased funding proposed for 1994 will provide for additional commercialization support in partnership with the private sector. AARC programs are conducted through the AARC Center under the general supervision of a Board which includes significant private sector participation.

FARM SERVICE AGENCY

FARM SERVICE AGENCY (FSA)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
FSA Financial Assistance	\$2,069	\$2,262	\$2,559
Farm Programs	2,314	3,434	5,712
Rural Housing Programs	2,632	3,092	3,911
Commodity Credit Corporation	16,487	22,842	19,098
Administrative Expenses	2,231	2,280	2,278
 Total, FSA	 \$25,733	 \$33,910	 \$33,558

The 1994 budget includes a new Farm Service Agency (FSA) created from the USDA programs and staffs serving farmers through county offices. For budget presentation purposes, the agencies that would be consolidated include the Agricultural Stabilization and Conservation Service (ASCS), the Soil Conservation Service (SCS), and the Farmers Home Administration (FmHA). However, planning for the FSA is currently underway and may ultimately change this structure. The ASCS responsibilities for the commodity price and income support programs funded by the Commodity Credit Corporation (CCC) would be administered by the FSA. The proposed FSA would have a consolidated and streamlined field structure resulting in improved service to farmers and savings to the taxpayer.

The FSA will administer farm and housing programs, as well as a variety of commodity and land-use programs aimed at supporting farm prices, adjusting farm production, conserving natural resources, and protecting the environment at the local level. FSA will provide technical assistance through soil conservation districts to land users, communities, watershed groups, Federal and State agencies, and other cooperators with erosion control and water management problems.

FSA Administrative Expenses. The FSA's administrative expenses account is the consolidated funding source for all management related activities concerning FSA and CCC programs. The administrative expenses for the FSA include costs previously funded through CCC, through conservation accounts and through the FmHA farm and housing programs, as well as funds appropriated to FmHA for administrative expenses. The 1994 budget proposes an appropriation of \$2.3 billion estimated to support 28,181 Federal staff years and 13,988 county staff years (non-Federal) needed to carry out all FSA programs, including the commodity price and income support programs. The 1994 budget reflects a savings of \$61 million in 1994 and \$735 million through 1997 due to the consolidation of three agencies into one.

FARM SERVICE AGENCY

FSA FINANCIAL ASSISTANCE

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Environmental Conservation Acreage			
Reserve Program:			
Conservation Reserve Program . . .	\$1,652	\$1,775	\$1,827
Wetlands Reserve Program	40	0	370
Agricultural Conservation Program	184	183	150
Colorado River Basin Salinity			
Control Program	9	8	9
Water Bank Program	17	17	17
Emergency Conservation Program	22	12	3
1992 Dire Supplemental (incl. above)		(10)	
Dairy Indemnity Program	<u>a/</u>	<u>a/</u>	<u>a/</u>
Forestry Incentives Program	11	11	11
Watershed and Flood			
Prevention Operations	114	232	150
1992 Dire Supplemental (incl. above)		(12)	
Stimulus (incl. above)		(47)	
Great Plains Conservation Program	18	17	16
Resource Conservation and Development	2	7	6
Total, FSA Financial Assistance	<u>\$2,069</u>	<u>\$2,262</u>	<u>\$2,559</u>

a/ Less than \$0.05 million.

Conservation Reserve Program (CRP). The CRP offers producers rental payments, usually for a 10-year period, to remove highly erodible cropland and other environmentally sensitive land from production. Participants also receive cost share help to establish required ground cover. In the twelve CRP signups held so far, about 36.5 million acres have been enrolled in the program. The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 1993 prohibits new signups in 1993. The 1990 FACT Act requires that at least 39 million acres be enrolled in the program by the end of 1995, including a one million acre minimum enrollment in both calendar years 1994 and 1995. To meet this goal, the budget assumes a one million acre signup in 1994 with the remaining 1.5 million acres being enrolled in 1995. The \$1.8 billion requested in 1994 along with \$71 million in carryover funds would be used to fund rental and cover costs associated with previous year CRP signups.

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Wetlands Reserve Program (WRP). The WRP was authorized by the 1990 FACT Act and allows individuals to enroll farmed wetlands or converted wetlands in exchange for a long-term or permanent easement. Participants must also implement a wetlands conservation plan for which they receive financial and technical assistance from the Department. The program was initiated in 1992 as a pilot effort in eight States with the goal of enrolling 50,000 acres. The Congress did not provide funding for the program in 1993. The 1994 budget supports the 1990 FACT Act target of enrolling 1 million acres into the WRP by the end of 1995 and includes \$370.3 million for the full cost of enrolling 450,000 acres in a nationwide program. The remaining 500,000 acres would be enrolled in 1995.

Agricultural Conservation Program (ACP). Through the ACP, the Department provides cost sharing to landowners to restore and protect agricultural land and water resources. Funding for ACP in 1994 is proposed at \$150 million which reflects a reduction of about \$33 million below the 1993 level. This will enable conservation practices to be installed on approximately 6.7 million acres. These payments are being made under ACP to continue the program modeled after the water quality incentives program authorized by the 1990 FACT Act. Producers in designated areas receive incentive payments over a 3 to 5 year period to implement comprehensive water quality protection plans.

Colorado River Basin Salinity Control Program. This program provides cost share assistance to landowners and others in the Colorado River Basin to enhance the quality and supply of water in the Colorado River. It also supports the U.S. commitment to the 1973 International Boundary and Water Commission Agreement concerning the quality of water delivered downstream to users in the U.S. and Mexico. The budget proposes a 1994 program level of about \$9 million, an increase of about \$300 thousand above 1993, to be used primarily in on-going projects located in Colorado, Nevada and Wyoming.

Water Bank Program. Through this program, landowners enter into 10-year agreements to protect natural wetlands and adjacent lands in exchange for annual payments. During the period of the agreement, the landowner agrees not to drain, burn, fill or otherwise destroy the wetland character of such areas. The budget proposes to maintain funding at the 1993 level of about \$17 million.

Emergency Conservation Program. This program provides cost sharing for the rehabilitation of farmland damaged by natural disasters. The budget proposes a funding level of about \$3 million in 1994.

Dairy Indemnity Program (DIP). The DIP provides payments to farmers and manufacturers of dairy products who are directed to remove their milk or milk products from commercial markets because they contain chemical residues, nuclear radiation or fallout, or other toxic substances. Payments may also be made for cows producing such milk. The budget proposes to maintain the 1993 program level of \$5 thousand.

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Forestry Incentives Program. The 1994 budget proposes an increase of \$300 thousand above 1993, which will provide cost sharing for tree planting on more than 156 thousand acres and for timberstand improvement on more than 32 thousand acres. More than 106 million trees will be planted.

Watershed and Flood Prevention Operations. The budget includes \$150 million in watershed construction to continue work already underway at the beginning of 1994. This is about \$5 million more than the 1993 appropriation but \$82 million less than the 1993 current estimate including carryover balances from 1992. FSA will continue to emphasize non-structural land treatment measures, as well as other programmatic activities that: 1) minimize the number of active construction projects, and 2) lower the Federal cost-share portion of planning and operations. For emergency watershed protection operations, funding will enable completion of contracts signed in prior years, as well as provide an immediate response capability to life-threatening watershed emergencies that arise during 1993.

Great Plains Conservation Program. The objective of the Great Plains Conservation Program is to bring about a long-term solution to problems resulting from drought and the cultivation of land unsuited for sustained crop production in the ten Great Plains States. FSA will participate in cost sharing of permanent conservation practices under long-term contracts with farmers and ranchers in designated counties in the Great Plains. Through cost-sharing and technical assistance, FSA helps make needed land use adjustments and install conservation measures specified in basic conservation plans in accordance with contract schedules. The budget proposes continued funding at about the 1993 level of \$16.3 million for cost-sharing.

Resource Conservation and Development (RC&D). The purpose of the RC&D program is to encourage and improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop and carry out programs for resource conservation and development. The program also establishes or improves the coordination systems used in rural communities to more effectively utilize available Federal, State, and local programs. The 1994 budget contains adequate funding to support area coordinators for all 246 approved RC&D areas.

FARM SERVICE AGENCY

FARM LOAN PROGRAMS

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1992 <u>Actual</u>		1993 <u>Cur. Est.</u>		1994 <u>Budget</u>	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Farm Operating Loans:						
Guaranteed Unsubsidized	\$957	\$11	\$1,473	\$18	\$3,551	\$19
Guaranteed Subsidized	151	13	235	16	426	50
Direct	571	87	825	111	796	93
Farm Ownership:						
Guaranteed Unsubsidized	452	22	454	21	564	21
Guaranteed Subsidized	<u>a/</u>	<u>a/</u>	0	0	0	0
Direct	68	14	67	13	79	13
Soil and Water:						
Guaranteed	<u>a/</u>	<u>a/</u>	2	0	2	0
Direct	2	0	2	<u>a/</u>	3	1
Emergency	75	15	277	71	121	32
1992 Dire Supplemental (incl. above)			(162)	(42)		
Indian Land Acquisition	1	<u>a/</u>	1	<u>a/</u>	1	<u>a/</u>
Credit Sales of Acquired Property . .	26	8	88	22	149	23
Subtotal, Farm Loans	2,303	170	3,424	272	5,692	252
Farms For the Future, Guaranteed						
Loans	10	3	7	3	7	4
State Mediation Grants	1	1	3	3	3	3
Grants for Outreach and Technical						
Assist. for Socially Disadvantaged						
Farmers	0	0	b/	b/	10	10
Total, Farm Loan Programs	<u>\$2,314</u>	<u>\$174</u>	<u>\$3,434</u>	<u>\$278</u>	<u>\$5,712</u>	<u>\$269</u>

a/ Less than \$0.5 million.

b/ Funded at \$1.0 million in the Extension Service.

FARM SERVICE AGENCY

The 1994 budget continues the policy of shifting farm lending from direct to guaranteed loans. In keeping with the 1990 OBRA, direct operating loans will be reduced and replaced with subsidized guaranteed loans. Guaranteed loans have exceeded direct loans since 1987.

The Department will continue the policy of targeting loans to young and beginning family sized farmers. A stronger emphasis on guaranteed loans, combined with interest assistance for a portion of the loans, stimulates increased lending in rural areas. This not only provides increased lending opportunities for rural banks, it also relieves government personnel from a portion of the loan making and loan servicing responsibilities, freeing them to work on other program initiatives.

The budget requests \$4.8 billion in operating credit; \$3.6 billion of which is for unsubsidized guaranteed loans, \$426 million is for subsidized guaranteed loans and \$796 million is requested for direct loans. For ownership loans the budget requests \$564 million in unsubsidized guaranteed loans and \$79 million for direct loans.

The budget also requests \$10 million in grant funds to fund the program for outreach and technical assistance to socially disadvantaged farmers enacted in the 1990 FACT Act. These funds will be used for education and training programs regarding the use of credit, farm management, and alternative crop production for small farmers.

FARM SERVICE AGENCY

RURAL HOUSING PROGRAMS

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1992 Actual		1993 Cur. Est.		1994 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Rural Housing Loans:						
Single-Family						
Direct	\$1,254	\$284	\$1,295	\$271	\$1,874	\$375
Investment (incl. above)					(300)	(60)
Unsubsidized Guarantees	214	2	565	10	682	11
Stimulus/Investment (incl. above)			(235)	(4)	(300)	(5)
Rural Rental Housing	574	248	574	303	547	314
Very Low-Income Repair	11	5	29	12	42	17
1992 Dire Supplemental (incl. above)			(16)	(6)		
Stimulus/Investment (incl. above)			(3)	(1)	(30)	(12)
Farm Labor Housing	16	9	16	8	16	8
Self-Help Housing	1	0	1	0	1	0
Housing Site Development	a/	0	1	0	1	0
Credit Sales	184	27	185	25	169	26
Total, Housing Loans	2,254	575	2,666	629	3,332	751
Housing Grants and Payments:						
Very Low-Income Repair	13	13	28	28	31	31
1992 Dire Supplemental (incl. above)			(10)	(10)		
Stimulus/Investment (incl. above)			(6)	(6)	(18)	(18)
Farm Labor Housing	14	14	21	21	11	11
1992 Dire Supplemental (incl. above)			(10)	(10)		
Mutual & Self-Help	8	8	13	13	13	13
Supervisory & Technical Asst.	0	0	2	2	3	3
Compensation for Const. Defects	a/	a/	1	1	1	1
Rural Housing Preservation	23	23	23	23	23	23
Rural Housing Vouchers	0	0	0	0	75	75
Investment (incl. above)					(75)	(75)
Rental Assistance Payments	320	320	338	338	422	422
Investment (incl. above)					(75)	(75)
Total, Housing Grants	378	378	426	426	579	579
Total, Rural Housing Programs	\$2,632	\$953	\$3,092	\$1,055	\$3,911	\$1,330

a/ Less than \$0.5 million.

FARM SERVICE AGENCY

FSA will administer a broad mix of rural housing programs, including deeply subsidized direct loans for single-family and multi-family housing, unsubsidized guarantees for single-family housing, and rental assistance payments for tenants of the multi-family housing units. The interest rates on single-family and multi-family direct loans can be subsidized to as low as one percent with an average interest rate of about 4 percent being paid.

The 1994 budget will provide assistance for about 108,000 units, compared to about 85,000 in 1993. The 1994 budget provides for an expansion of the unsubsidized guarantee program which was initiated three years ago. This program is experiencing increased demand as private lenders are gaining more experience with it and secondary market problems have been resolved. Unsubsidized guaranteed loans are available for moderate income families who can afford commercial interest rates, and require the applicant to obtain commercial credit.

Single-family direct loans will be funded at \$1.9 billion, an increase of about \$600 million; unsubsidized loan guarantees will be funded at \$682 million, an increase of about \$350 million above the 1993 appropriated level; rental assistance payments will be increased from \$338 million to \$422 million to cover the cost of expiring contracts. The budget also proposes \$75 million to fund a rural housing voucher program which was authorized in the 1992 Amendments to the Housing Act. Vouchers will provide a new form of assistance to be used in those areas of the country which have an adequate supply of rental housing. The rural rental housing program will be funded at \$547 million, a reduction of \$27 million.

COMMODITY CREDIT CORPORATION (CCC)

Domestic farm commodity price and income support programs will be administered by the Farm Service Agency and financed through the Commodity Credit Corporation (CCC). The CCC borrows funds from the U.S. Treasury and repays these borrowings, with interest, from receipts and from appropriations provided by Congress. The CCC outstanding borrowings from Treasury may not exceed \$30 billion. Outlays for any fiscal year generally relate to the previous crop year; i.e., fiscal year 1993 outlays relate to the 1992 crop, and fiscal year 1994 outlays primarily relate to the 1993 crop.

CCC net outlays are difficult to predict accurately since they are heavily influenced by weather, changes in foreign markets, and other uncertain events affecting commodity prices during the nearly two-year period between preparation of the initial budget estimate and compilation of actual outlays at the end of the fiscal year.

Amendments to existing statutes which were made by the 1990 FACT Act and the 1990 OBRA continue to have significant impacts on both farm policy and on budget outlays for the CCC. Farm policy changes come primarily from provisions of the 1990 FACT Act, while budget savings mechanisms are found principally in the OBRA.

FARM SERVICE AGENCY

Supplemental appropriations providing disaster assistance to producers have also significantly affected CCC budget outlays. The first supplemental, enacted in November, 1991, authorized a total of \$995 million for crop losses in either 1990 or 1991. Because claims exceeded funding, a factor of 50 percent was used to prorate payments. Payments under this first phase of the program were largely completed in 1992.

The first supplemental also authorized \$755 million for crop losses in any one of the three years 1990, 1991, or 1992 for which the producer had not already requested assistance. The second supplemental, enacted following hurricane losses late in the summer of 1992, added \$382 million to the \$755 million made available in the earlier legislation, making \$1,137 million in total available for disaster payments in 1993.

CCC Program Costs. CCC net outlays for price support and related activities for fiscal year 1992 totaled \$9.7 billion. Outlays for fiscal year 1993 are estimated to increase to \$17.0 billion, reflecting record yields in 1992 for corn and other crops. Higher costs for the cotton program, for export programs, and for advance deficiency payments also contribute to the increase in estimated outlays. Under current legislation, outlays for fiscal year 1994 are projected to decline to \$12.0 billion, reflecting a return to more normal weather and yields for the 1993 crop.

The Administration is proposing reductions in CCC spending starting in fiscal year 1994. Savings from targeting farm program benefits to producers with off-farm incomes less than \$100,000, termination of the honey program, tightening payment limits for wool and mohair producers, and reductions in the Market Promotion Program are estimated to total about \$149 million in fiscal year 1994.

Aside from the targeting proposal described above, proposed reductions in the major farm commodity programs would not take effect until the 1996 crop year. The delay will provide incentives for significant progress in ongoing trade negotiations. The proposals, consistent with trade liberalization objectives, will provide producers further incentive to respond more directly to markets, rather than to CCC rules for farm programs.

The changes proposed to begin with the 1996 crop include a reduction in payment acreage (triple base), termination of income support payments on idled acres (0/50/92), and an increase in the assessments and fees levied on "non-program" commodities (dairy, oilseeds, tobacco, sugar, peanut, wool and mohair). These three proposals are estimated to save about \$1.8 billion in 1997.

Including changes proposed to begin in 1994, savings proposed for the price and income support programs would total over \$2.0 billion in 1997. Savings from baseline expenditures over the four fiscal years 1994 through 1997 would total almost \$3.5 billion. Over the five fiscal years 1994 through 1998, savings from the baseline would total almost \$5.5 billion.

FARM SERVICE AGENCY

CCC Net Program Outlays by Commodity (Dollars in Millions)

Commodity	FY 1992	FY 1993	FY 1994
Feed Grains	\$2,510	\$5,883	\$3,573
Wheat	1,719	2,274	1,847
Rice	715	889	741
Upland Cotton	1,443	2,436	2,317
Tobacco	29	-2	-13
Dairy	232	125	230
Soybeans	-29	41	-40
Honey	17	17	12
Wool and Mohair	191	183	191
Crop Disaster Assistance	960	1,137	0
Other <u>a/</u>	1,885	4,050	3,279
Total, Baseline	9,672	17,033	12,137
Budget Proposals	0	0	-149
Total, Request	\$9,672	\$17,033	\$11,988

a/ Includes minor oilseeds, rye, vegetable oil products, ELS cotton, sugar and peanuts. Also includes changes in working capital, net interest expense, export programs, and processing, storage, and transport costs.

FARM SERVICE AGENCY

CCC Program and Outlay Levels (Dollars in Millions)

Program	Program Levels		Net Outlays	
	FY 1993	FY 1994	FY 1993	FY 1994
Domestic Programs:				
Price Support Loans	\$9,726	\$8,769	\$2,183	\$785
Direct Payments	9,403	7,622	9,403	7,622
Purchases and Sales	1,272	1,324	335	298
Producer Storage Payments	19	67	19	67
Processing, Storage, and Transportation	135	126	135	128
Operating Expenses	7	6	7	6
Interest Expenditure	379	392	195	164
Disaster Assistance <u>a/</u>	1,226	0	1,226	0
All Other <u>b/</u>	675	792	469	1,125
Subtotal, Domestic Programs	22,842	19,098	13,972	10,195
Export Programs <u>c/</u>	7,134	6,921	3,061	1,793
Total, CCC <u>d/</u>	<u>\$29,976</u>	<u>\$26,019</u>	<u>\$17,033</u>	<u>\$11,988</u>

a/ Includes \$1.137 billion in disaster payments for the 1990, 1991, and 1992 crops, as well as assistance for livestock producers.

b/ Includes minor commodity program costs, ocean transportation of export donations and change in working capital.

c/ FY 94 Market Promotion Program includes proposed legislation savings.

d/ Total CCC net outlays for FY 94 include impact of proposed legislation savings of \$149 million.

SMALL COMMUNITY AND RURAL DEVELOPMENT

RURAL DEVELOPMENT ADMINISTRATION (RDA)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1992 Actual		1993 Cur. Est.		1994 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Water and Waste Disposal Loans:						
Direct	\$600	\$85	\$1,103	\$157	\$876	\$121
1992 Dire Supplemental (incl. above)			(35)	(5)		
Stimulus/Investment (incl. above)			(468)	(67)	(230)	(32)
Guaranteed	5	0	35	0	36	0
Community Facility Loans:						
Direct	100	10	94	9	389	38
Investment (incl. above)					(300)	(29)
Guaranteed	25	0	100	0	75	4
Investment (incl. above)					(75)	(4)
Business and Industry Guaranteed . .	100	6	405	22	300	3
1992 Dire Supplemental (incl. above)			(305)	(16)		
Investment (incl. above)					(200)	(2)
Intermediary Relending Program . . .	32	16	47	27	175	98
1992 Dire Supplemental (incl. above)			(14)	(8)		
Investment (incl. above)					(140)	(79)
Subtotal, Loans	862	117	1,784	215	1,851	264
Alcohol Fuel Credit Guarantees	0	0	9 <u>a/</u>	4	10 <u>a/</u>	5
Watershed and Flood Prevention . . .	1	0	4	0	4	0
Resource Conser. and Development	0	0	1	0	1	0
Grants:						
Water and Waste Disposal	354	354	698	698	541	541
1992 Dire Supplemental (incl. above)			(26)	(26)		
Stimulus/Investment (incl. above)			(282)	(282)	(140)	(140)
Rural Development	21	21	21	21	51	51
Investment (incl. above)					(30)	(30)
Rural Community Fire Protection . .	3	3	3	3	4	4
Solid Waste Management	3	3	3	3	3	3
Emergency Community Water Asst.	10	10	25	25	10	10
1992 Dire Supplemental (incl. above)			(15)	(15)		
Subtotal, Grants	391	391	750	750	609	609
Total, RDA Programs	\$1,254	\$508	\$2,548	\$969	\$2,475	\$878
Administrative Expenses	\$20	\$20	\$38	\$38	\$39	\$39

a/ \$18.7 million in loans were appropriated in 1993 and are available until expended. All of these loans are not expected to be used; therefore, \$9.7 million of the \$18.7 million is estimated to be used in 1994.

SMALL COMMUNITY AND RURAL DEVELOPMENT

The 1994 budget includes a rural development initiative to increase employment opportunities and improve the quality of life for all rural residents. This initiative provides substantial increases in funding for loans, grants and technical assistance to rural communities and businesses. It will produce jobs for new construction and lay the foundation for further economic growth. It will make it possible for rural communities to obtain the water and waste disposal systems necessary to meet the requirements of the Clean Water Act and other health and safety standards. Assistance to rural businesses will be directed, wherever possible, to small scale, new and emerging enterprises. Funding will be available for start-up capital and expansions that will create jobs and help diversify the economies of rural areas.

The community and business programs included in the initiative are administered by the Rural Development Administration (RDA). This agency was created by the FACT Act of 1990. The Farmers Home Administration, which formerly administered these programs, continues to provide field office and administrative support to RDA until the new agency is fully established.

The water and waste disposal loan and grant program provides assistance to communities with populations of less than 10,000 that have been denied credit through normal commercial channels. For the direct loan program, a three-tier interest rate structure is used. Poverty income communities pay interest at 5 percent. Communities with median family incomes above the State's nonmetropolitan median household income pay the market rate which is based on the current market for industrial development bonds. Communities with median household incomes between the poverty income and the median family income pay the intermediate rate which is the mid-point between the two. The current rates are 5.0 percent, 5.625 percent, and 6.25 percent. The rates are changed quarterly based on current indices.

Water and waste disposal grants are used in conjunction with the loan program to reduce the per household cost of repaying the loans to a level that is comparable to other rates in the area. Only communities with poverty and intermediate rate incomes qualify for grants.

Small communities and rural areas rank the highest in terms of noncompliance with Federal Drinking Water Standards and Federal environmental standards. The Environmental Protection Agency Needs Survey, conducted every two years estimates a total cost of about \$42 billion is necessary to bring rural communities into compliance with existing wastewater treatment standards. RDA is the only Federal source of financial assistance for drinking water systems.

In some cases, the 1994 program levels are lower than the current estimates for 1993, which reflect the increases provided in 1993 for economic stimulus and disaster funding. However, the 1994 levels include significant increases over the levels appropriated in 1993 in most of the RDA loan and grant programs. These increases are part of the investment package for the President's Rural Development Initiative. For water and waste loans, the budget recommends an increase of \$277 million over the \$600 million

SMALL COMMUNITY AND RURAL DEVELOPMENT

appropriated for 1993. The water and waste grant program will be increased by \$150 million over the amount appropriated in 1993. RDA also has the authority to guarantee water and waste disposal loans. The Administration is requesting \$36 million for this program.

The community facilities loan program provides assistance to communities of less than 20,000 or less to provide other essential public services. The priorities of the program are health and public safety services. RDA has the authority to make direct loans and provide loan guarantees. The loan guarantee is a relatively new authority, but has been used by many rural communities to provide health care projects. Direct loans have the same interest rate structure as the water and waste disposal program. The budget proposes an increase of \$295 million for direct loans over the \$94 million available for 1993. The budget also includes \$75 million for guaranteed community facility loans as part of the President's investment package.

Business and industry loan guarantees are made to businesses and industries in areas outside metropolitan areas of 50,000 or more and their immediately adjacent urbanizing area. Loan guarantees are available for a variety of purposes. The purpose of the program is to create or save employment opportunities in rural areas. The budget proposes an increase of \$200 million in this program.

The intermediary relending program provides loans for businesses or community development purposes. These loans are made by private or public nonprofit organizations (intermediaries) that receive loan funds from RDA. The rural development grant program provides grant assistance to public bodies and private nonprofit corporations to finance and develop small and emerging business enterprises in rural areas. These funds can be used for a variety of purposes, including acquisition of land, construction, equipment, start-up costs and working capital.

The budget requests \$175 million for the intermediary relending program, an increase of about \$140 million, and \$51 million for rural development grants, an increase of \$30 million above the amount appropriated for 1993.

In addition to creating several thousand construction jobs in the construction industry and providing the basis for creating long-term employment, these increases will permit RDA to substantially reduce the backlog of applications for most of these programs in 1994. The water and waste disposal loan and grant programs have backlogs totaling \$1.5 billion and \$600 million, respectively. The community facilities program has a backlog of applications totaling \$200 million as does the business and industry loan guarantee program. The backlog for rural development grants and intermediary relending loans totals about \$40 million and \$30 million respectively.

SMALL COMMUNITY AND RURAL DEVELOPMENT

RURAL ELECTRIFICATION ADMINISTRATION (REA)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1992 Actual		1993 Cur. Est.		1994 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Rural Electrification and Telephone Revolving Fund:						
Electric:						
Direct, REA 5%	\$622	\$117	\$625	\$117	\$25	\$4
Direct, Treasury Rate	0	0	0	0	600	1
Direct, FFB	785	14	813	35	813	0
Subtotal, Electric	1,407	131	1,438	152	1,438	5
Telephone:						
Direct, REA 5%	205	34	239	44	25	3
Investment (incl. above)					(25)	(3)
Direct, Treasury Rate	0	0	0	0	239	a/
Direct, FFB	35	0	120	a/	120	0
Subtotal, Telephone	240	34	359	44	384	3
Total, RETL	1,647	165	1,797	196	1,822	8
Rural Telephone Bank (RTB):						
Direct Loans	177	4	177	a/	0	0
Direct, Treasury Rate	0	0	0	0	202	a/
Investment (incl. above)					(25)	a/
Subtotal, RTB	177	4	177	0	202	0
Rural Economic Dev. Loans	8	3	12	3	13	3
Grants:						
Rural Economic Development	0	0	14	14	5	5
Distance Learning/Medical Link	0	0	10 b/	10	5	5
Total, Grants	0	0	24	24	10	10
Total, REA	\$1,832	\$172	\$2,010	\$223	\$2,047	\$21
Administrative Expenses	\$35	\$35	\$38	\$38	\$39	\$39

a/ Less than \$0.5 million.

b/ \$5 million was appropriated in 1992 and in 1993. The 1992 funds were not expended, and were carried over into 1993, making \$10 million available for 1993.

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The 1994 budget for the Rural Electrification Administration (REA) maintains the program levels enacted for 1993, but proposes to increase the interest rate on most direct electric and telephone loans to the cost of Treasury borrowing. The budget also provides \$25 million in direct loans at the 5 percent interest rate for those borrowers demonstrating the need for subsidized credit. Rural Telephone Bank (RTB) loans will also be made at the Treasury cost of borrowing.

This proposal recognizes that the vast majority of REA's borrowers are financially stable and no longer need access to subsidized credit to provide electric and telephone service to the residents of rural areas. Long-term interest cost is a minor portion of the cost of providing these services; therefore, a small increase in the interest rate will result in only minor increases in service rates.

For the electric programs, the budget requests \$600 million for direct loans at the Treasury rate; \$25 million in direct loans at the 5 percent rate; and \$813 million in direct FFB loans for power supply borrowers. For the telephone programs the budget requests \$239 million in direct loans at the Treasury rate; \$120 million in direct FFB loans; and \$177 in RTB loans at the Treasury rate. In addition, as part of the President's investment package for the Rural Development Initiative, the budget requests \$25 million in direct telephone loans at the 5 percent rate and \$25 million in RTB loans at the Treasury rate. This \$50 million will be reserved for distance learning and medical link and other telecommunications modernization projects.

The budget also proposes \$13 million in rural economic development loans, \$5 million in economic development grants, and \$5 million in grants for the distance learning and medical link program.

REA's administrative expenses are \$38.7 million in 1994, a slight increase over the 1993 level.

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FEDERAL CROP INSURANCE CORPORATION (FCIC)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Crop Insurance:			
Federal Salaries and Expenses	\$69.2	\$93.3	\$75.0
Delivery Expenses	264.1	263.8	165.3
Total, Operating Expenses	333.3	357.1	240.3
Indemnities	1,100.0	932.3	780.4
Total, FCIC Program Level	<u>\$1,433.3</u>	<u>\$1,289.4</u>	<u>\$1,020.7</u>

The Federal Crop Insurance Corporation provides insurance against the risk of losses due to adverse weather and other unavoidable causes. Traditionally, crop insurance has been on an individual loss basis, using the producer's actual production history or the county average to establish the yield guarantee. It is proposed that the program be changed to provide coverage on an area-yield basis in most areas. The phase-in of such coverage would begin with the 1994 crop. Individual coverage will be continued in 1994 for programs in counties that have a loss ratio of no more than 1.1. For 1995, the loss ratio will be reduced to an actuarially sound 1.0. Area coverage will be offered to the maximum extent possible for those crops in counties where individual coverage is being eliminated. Under area coverage, producers would receive payment only when the area-yield falls below a "trigger" level, regardless of their individual yields. However, they would have the opportunity to tailor the insurance to their individual needs by purchasing various levels of protection. For example, the "trigger" could be 65 percent of area-yield, with payment options of up to 90 percent of area-yield times a range of price selections. Presumably, producers with better-than-average yields would choose the higher levels of coverage. Further, it is anticipated that in most cases there would be a strong correlation between an individual producer's losses and those for the area, such that payments would be received when needed.

The proposal is expected to save about \$1.7 billion over the next five years. These savings are attributable to reductions in the excess losses the Corporation has experienced since the program was expanded in 1981, as well as reductions in the cost of program delivery, including substantial cuts in the amount of payments made to reinsurance companies. The savings are possible because of greater certainty in establishing actuarially sound premium rates on an area rather than an individual basis,

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and the elimination of individual loss adjustment and various other tasks in operating the program. Reimbursement rates for delivery provided by private reinsurance companies would be reduced through more restrictive negotiation.

The budget reflects a \$105 million savings in delivery costs in 1994. It maintains adequate resources to pay carryover indemnity claims on the individual loss coverage sold on the 1993 crop. It also provides for a premium subsidy of up to 30 percent on the area-wide coverage to be sold on the 1994 crop.

INTERNATIONAL PROGRAMS

INTERNATIONAL PROGRAMS

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
CCC Export Credit:			
Short-term Guarantees	\$5,595.6	\$5,000.0	\$5,000.0
Intermediate-term Guarantees	88.0	500.0	500.0
Emerging Democracies Guarantees	a/	200.0	200.0
Total, CCC Export Credit	5,683.6	5,700.0	5,700.0
Export Enhancement Program	968.2	1,200.0	1,000.0
Dairy Export Incentive Program	76.0	86.4	73.6
Sunflower and Cottonseed Oil Assistance Programs	23.6	50.0	50.0
Market Promotion Program	200.0	147.7	147.7
P.L. 480 Food Assistance	1,604.5	1,698.9	1,618.1
Foreign Agricultural Service	114.8	117.9	109.1
Office of the General Sales Manager	9.1	8.9	9.1
Office of International Cooperation and Development	38.7	45.7	45.8
Total, International Programs	\$8,718.5	\$9,055.5	\$8,753.4

a/ CCC export credit guarantees made available to emerging democracies in 1992 are included in either the short- or intermediate-term guarantee categories.

Commercial Export Programs. The Department carries out a variety of commercial export programs, which are designed to develop overseas markets and expand the levels of U.S. agricultural exports. These programs are administered by the Office of the General Sales Manager.

Under the export credit guarantee programs, guarantees are provided by CCC for the repayment of commercial credit extended to finance U.S. agricultural export sales. A total program level of \$5.7 billion has been established for the CCC export credit guarantee programs for 1994. This includes \$5.0 billion to be made available under the GSM-102 program which provides guarantees on export credit with short-term repayment terms (up to 3 years), and \$500 million to be made available under the GSM-103 program, which provides intermediate-term credit guarantees (3 to 10 year repayment terms). These levels are consistent with the minimum annual levels established by the FACT Act and are unchanged from 1993.

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An additional \$200 million of credit guarantees are expected to be made available by CCC during 1994 to promote the export of U.S. agricultural products to emerging democracies. As provided in the FACT Act, these may be made available as GSM-102 or GSM-103 export credit guarantees or as guarantees for financing the establishment of or improvements in handling, marketing, processing, storage, or distribution facilities for imported agricultural commodities and products. The FACT Act requires that a total of \$1.0 billion of CCC credit guarantees be made available for export to emerging democracies during the 1991 to 1995 period.

Total subsidy costs for the \$5.7 billion program level for CCC export credit guarantees for 1994 are estimated to be \$403.2 million. This compares to the current estimate of \$388.2 million for the subsidy costs of CCC export credit guarantees to be made available during 1993.

Since January 1991, more than \$5.0 billion of GSM-102 export credit guarantees have been made available to facilitate sales of U.S. agricultural commodities to the former Soviet Union (FSU) and its successor independent states. At the time the budget was prepared, registrations of export sales to buyers in Russia under the GSM-102 program were suspended due to Russia's failure to make payments to U.S. banks on CCC-guaranteed export credit debt of the FSU and Russia. In addition, creditor nations were working with representatives of the Russian Federation in an attempt to reschedule the debts of the FSU. While the situation was still not fully resolved, the budget provides for the costs which will result in 1993 and 1994 once an agreement to reschedule FSU debt owed to CCC is implemented.

Under the EEP, CCC provides bonuses to exporters of U.S. agricultural commodities to enable them to be price competitive and thereby make sales in targeted overseas markets where competitor countries are making subsidized sales. The program serves to enhance U.S. trade policy strategy and objectives and to expand the levels of U.S. agricultural exports. The budget assumes that as much as \$1.0 billion of EEP bonuses will be awarded during 1994. The net outlay effect of the program is assumed to be zero because the costs to CCC of making the bonus payments are offset by savings in CCC expenditures for price and income supports as a result of increased U.S. exports, which the program is designed to achieve.

The Department also administers three other subsidy programs under which export bonuses are made available to facilitate sales of specific U.S. agricultural commodities. These are the Dairy Export Incentive Program, the Sunflower Oil Assistance Program, and the Cottonseed Oil Assistance Program. The budget assumes these programs will continue to operate near current levels in 1994.

Market Promotion Program (MPP). The purpose of the MPP is to support the development, maintenance, and expansion of commercial export markets for U.S. agricultural commodities and products. Under the program, CCC funds are used to partially reimburse participating organizations for the costs of carrying out foreign market

INTERNATIONAL PROGRAMS

development and export promotion projects in designated countries. Participating organizations include nonprofit agricultural trade organizations, regional State trade associations, and private companies. The program is administered by the Foreign Agricultural Service.

As one component of the President's deficit reduction initiatives, the budget proposes to maintain the level of MPP funding at the current annual level of \$147.7 million. This is a reduction of \$52.3 million from the annual baseline level of \$200 million and provides total savings of \$209.2 million during 1994 through 1994. This proposal will contribute not only to reducing the Federal deficit but also to ensuring the most effective use of available program resources.

P.L. 480 FOOD ASSISTANCE PROGRAMS

Program and Tonnage Levels

Program	1992 Actual	1993 Current Estimate	1994 Budget
Title I Credit Sales:			
Dollars in Millions	\$534.4	\$555.3	\$502.6
Million Metric Tons	(2.7)	(2.9)	(2.6)
Title II Donations:			
Dollars in Millions	746.5	810.0	831.9
Million Metric Tons	(2.1)	(2.2)	(2.4)
Title III Grants:			
Dollars in Millions	323.6	333.6	283.6
Million Metric Tons	(1.5)	(1.4)	(1.3)
Total, P.L. 480 Programs:			
Dollars in Millions	\$1,604.5	\$1,698.9	\$1,618.1
Million Metric Tons	(6.3)	(6.5)	(6.3)

The P.L. 480 program is the primary means by which the United States provides foreign food assistance. This assistance is provided through three separate program authorities.

Title I of P.L. 480 provides for sales of U.S. agricultural commodities to developing countries through long-term concessional financing. In allocating assistance to be provided under the Title I program, priority is given to those developing countries which demonstrate the greatest need for food, are undertaking measures to improve their food security and agricultural development, and are potential commercial markets for U.S. agricultural commodities. The Title I program is administered by the Department.

INTERNATIONAL PROGRAMS

Title II provides for donations of humanitarian food assistance to needy people in foreign countries in response to malnutrition, famine, and other situations with extraordinary relief requirements. The assistance is provided primarily through private voluntary organizations, cooperatives, or international organizations, including the World Food Program of the United Nations. In the case of donations made in response to emergency needs, Title II assistance can also be provided through government-to-government agreements. The Title II program is administered by the Agency for International Development (AID).

Title III provides food assistance on a grant basis to least developed countries through government-to-government agreements. The donated commodities are sold on the domestic market of the recipient countries, and the revenue generated from the sale is used to support programs of economic development. The Title III program is also administered by AID.

The budget provides a total program level of \$1.6 billion of P.L. 480 food assistance for 1994, which is expected to provide for total commodity shipments of approximately 6.3 million metric tons. While this is somewhat lower than the current tonnage estimate for 1993, it is consistent with the average annual level of P.L. 480 commodity assistance of the past five years. Actual tonnage levels will depend on commodity and shipping costs during 1994.

Total subsidy costs for the P.L. 480 Title I credit program for 1994 are estimated to be \$351.2 million, an increase of \$9.2 million over the estimated subsidy costs of 1993 programming. While the subsidy allowance for Title I credit provided in the budget is an increase over the 1993 level, the total amount of direct credit to be extended during 1994 is projected to be somewhat lower due to assumptions of increased programming to countries with higher credit risks and subsidy costs. As a result, the overall Title I program level is somewhat lower in 1994, even though the amount of budget authority requested for the program is an increase over the 1993 level.

The budget proposes an increase in Title II humanitarian food donations in 1994 and a reduction in Title III government-to-government grants. The Title III program is reduced \$50 million from the 1993 enacted level and \$59 million from the 1994 baseline level. The reduction in Title III programming is a component of the President's deficit reduction initiatives.

The budget also requests \$32.6 million in budget authority in 1994 in order to reduce and restructure the P.L. 480 Title I debt of countries in Latin America and the Caribbean under the Enterprise for the Americas Initiative (EAI). This compares with \$40 million of budget authority made available for this purpose in 1993. Under Federal budgetary conventions, budget authority for the costs of the debt reduction must be made available in advance of a debt restructuring agreement being implemented. Since 1991, EAI agreements to reduce and restructure the P.L. 480 Title I debt have been entered into with Bolivia, Chile, El Salvador, Jamaica, and Uruguay.

INTERNATIONAL PROGRAMS

FOREIGN AGRICULTURAL SERVICE (FAS) AND OFFICE OF THE GENERAL SALES MANAGER (OGSM)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Foreign Agricultural Affairs	\$36.9	\$37.5	\$37.8
Foreign Market Information and Access	23.2	25.5	25.9
Foreign Market Development	54.7	54.9	45.4
Office of the General Sales Manager	9.1	8.9	9.1
Total, FAS and OGSM	<u>\$123.9</u>	<u>\$126.8</u>	<u>\$118.2</u>

The Foreign Agricultural Service carries out a variety of programs and activities to maintain and expand overseas markets for U.S. agricultural commodities and products. Agency functions include representation of U.S. agricultural interests abroad, collection and analysis of foreign agricultural production and trade data, development of foreign agricultural markets, and participation in international trade policy formulation and negotiations to gain improved access for U.S. agricultural products in foreign markets. The Office of the General Sales Manager administers the Department's major export promotion and foreign food assistance programs.

The budget recommends a combined program level of \$118.2 million for FAS and OGSM for 1994. Two major changes in agency funding are proposed.

First, funding of \$8.2 million is requested for FAS for the costs of maintaining the CCC Computer Facility. In the past, the computer facility has been operated jointly by FAS and ASCS and been funded by CCC. FAS will assume full responsibility for operation of the facility in 1994, and funding for its annual operating costs will now be included in the FAS appropriations request. (For comparability, the 1992 and 1993 data in the above table have been adjusted to reflect the costs of the computer facility.)

Second, funding for FAS's market development activities will be reduced by \$9.5 million on a net basis. The largest component of these activities is FAS's contribution to the Foreign Market Development Cooperator Program, which will be reduced by \$10 million or approximately one-third from the level of recent years. The reduction in FAS funding for the Cooperator Program is one of the President's deficit reduction initiatives.

INTERNATIONAL PROGRAMS

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT (OICD)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Scientific Exchanges	\$1.9	\$1.9	\$2.0
Administration of International Research	1.5	1.5	1.5
Liaison with International Organizations	0.9	0.9	0.9
Targeted Development	0.5	0.5	0.5
Cochran Fellowship Program	1.8	1.8	1.8
Financial and Administrative Systems Tracking	0.6	0.6	0.6
Total, Appropriated Funds	7.2	7.2	7.3
Trust Funds	3.1	3.5	3.5
Reimbursable Funds from AID and Other Organizations	28.4	35.0	35.0
Total, OICD	\$38.7	\$45.7	\$45.8

The Office of International Cooperation and Development is responsible for scientific and technical exchanges, cooperative international research, and liaison with international food and agricultural organizations. OICD also directs training and technical assistance efforts in as many as 80 developing countries.

The budget provides a total program level of \$45.8 million for OICD for 1994, which is virtually unchanged from the current estimate for 1993. This includes \$7.3 million of direct appropriated funds, and an additional \$38.5 million in funding expected to be made available through trust funds and reimbursable agreements. Under these agreements, OICD carries out technical assistance, training, and research activities overseas on behalf of the Agency for International Development, foreign governments, and international organizations.

FOREST SERVICE

FOREST SERVICE (FS)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Discretionary Programs:			
Land Management:			
National Forest System:			
Timber Sales	\$263.7	\$219.0	\$196.8
Recreation	216.4	304.7	245.5
Stimulus/Investment (incl. above)		(75.0)	(15.0)
Wildlife and Fish	112.5	132.7	127.5
Stimulus/Investment (incl. above)		(16.3)	(12.4)
General Administration	303.8	305.9	308.7
Minerals and Geology	34.3	36.8	35.0
Stimulus (incl. above)		(2.0)	
Maintenance of Facilities	26.3	46.5	26.7
Stimulus (incl. Above)		(20.0)	
Trail Maintenance	30.5	56.3	36.7
Stimulus/Investment (incl. above)		(25.0)	(5.0)
Soil, Water and Air	76.2	80.8	83.8
Stimulus/Investment (incl. above)		(8.5)	(12.0)
Range	43.2	47.7	47.7
Stimulus/Investment (incl. above)		(3.2)	(3.0)
All Other	348.1	226.9	228.8
Total, National Forest System .	1,455.0	1,457.3	1,337.2
Stimulus/Investment (incl. above)		(150.0)	(47.4)
Firefighting:			
Presuppression	181.6	189.2	190.1
Suppression	117.6	185.4	190.2
Total, Firefighting	299.2	374.6	380.3
Construction:			
Roads	169.0	140.6	133.2
Investment (incl. above)			(6.5)
Trails	21.7	34.2	33.5
Stimulus/Investment (incl. above)		(7.0)	(6.0)
Recreation Facilities	71.6	73.6	84.4
Stimulus/Investment (incl. above)		(19.8)	(10.0)
Other Facilities	12.2	41.7	23.1
Stimulus/Investment (incl. above)		(11.0)	(9.1)
Total Construction	274.5	290.1	274.2
Stimulus/Investment (incl. above)		(37.8)	(31.6)

FOREST SERVICE

FOREST SERVICE (FS)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Land Acquisition	88.3	62.4	64.0
Special Accounts	6.1	6.7	6.1
Total, Land Management	2,123.1	2,191.1	2,061.8
Stimulus/Investment (incl. above)		(187.8)	(79.0)
State and Private Forestry :			
Forest Pest Management	57.2	40.6	52.2
Investment (incl. above)			(2.0)
Stewardship and Tree Planting	48.5	65.9	91.3
Investment (incl. above)			(23.0)
Economic Development Activities . . .	14.2	12.7	12.6
Other	42.9	41.1	19.6
Total, State and Private Forestry . .	162.8	160.4	175.7
Investment (incl. above)			(25.0)
Forest Research	180.5	185.7	194.4
Investment (incl. above)			(10.0)
International Forestry			37.0
Investment (incl. above)			(30.0)
Total, Discretionary Programs	2,466.4	2,537.2	2,468.9
Stimulus/Investment (incl. above)		(187.8)	(144.0)
Mandatory Programs:			
Working Funds	214.7	220.1	196.7
Payments to States	335.8	365.7	423.7
Cooperative Work Trust Fund	303.4	361.6	275.7
Reforestation Trust Fund	30.0	30.0	29.1
Total, Mandatory Programs	883.9	977.4	925.2
Total, Budget Authority	\$3,350.4	\$3,514.6	\$3,394.1
Stimulus/Investment (incl. above)		(187.8)	(144.0)

FOREST SERVICE

FOREST SERVICE (FS)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Full-Time Equivalent Staff Years	43,427	41,155	41,237
Timber Sales Volume (BBF)	5.1	5.2	4.1 - 4.6
Timber Harvest Volume (BBF)	7.3	7.5	6.8
Receipts (\$ Millions)	\$1,151.3	\$1,406.0	\$1,664.8

The Forest Service, with over 43,000 staff years in 1992, is the largest employer in USDA. It operates in four major program areas:

- Management of the National Forests and Grasslands. The Forest Service manages approximately 191 million acres of public land -- about 110 percent of the area of the State of Texas -- located in 44 States, Puerto Rico, and the Virgin Islands. These lands, known collectively as the National Forest System, are managed under the multiple use concept for sustained production of timber, forage, fish and wildlife, water, wilderness and outdoor recreation. There are also significant mineral deposits which can contribute to the Nation's resource requirements. The programs are administered by a field staff stationed at nine regional offices, 123 forest supervisor offices and about 630 ranger district offices.
- State and Private Forestry. The Forest Service makes grants and provides technical assistance to State forestry agencies for protecting forest resources and improving forest management on nonindustrial private forest lands. There is also a Stewardship Incentives Program which provides cost-share assistance to nonindustrial private landowners for a variety of stewardship practices including tree planting. In addition, there are several small programs which provide technical and financial assistance to natural resources dependent rural communities.
- Forest Research. The Forest Service maintains the world's largest forest research organization. While it has a very broad mission to develop the knowledge and technology needed to enhance the economic and environmental values of all the Nation's forests and related industries, it also must support the specific research needs that arise from the FS's prime responsibility of managing the National Forest System.
- International Forestry. The Forest Service participates in a variety of international activities including scientific research, technical assistance, and disaster assistance.

FOREST SERVICE

The 1993 Stimulus proposal and the 1994 budget propose several investments in Forest Service programs.

Natural Resource Protection and Environmental Infrastructure. This is an effort to protect and rehabilitate America's natural and cultural assets, restore the facilities that protect these resources, and improve public access to them. The 1993 Stimulus proposal includes \$187.8 million and the 1994 budget includes \$79.0 million for this initiative in the various programs within the National Forest System and Construction accounts.

Forests For the Future. The budget proposes to invest \$30 million in 1994 and \$50 million in each of the next four years, towards the international goal of reducing worldwide deforestation. At the 1992 Rio "Earth Summit," the U.S. proposed that all countries join in doubling international forest assistance. This investment will be a down payment towards that commitment to fund initial partnership activities with foreign nations and domestic and international non-governmental organizations.

Forestry Research Initiative. The Forest Service research budget proposes an increase from \$182.7 million in 1993 to \$194.4 million in 1994. This increase includes \$10 million of an overall \$20 million USDA initiative to increase the breadth of forest research in order to strengthen the capability to provide scientific information to help the nation develop sound policies for forest management and production. The funding increase will be directed at research to support ecosystem management of national forests and other forest lands.

Stewardship/Tree Planting. The budget proposes to increase funding for stewardship activities, including tree planting, and for the urban and community forestry program from \$65.9 million in 1993 to \$91.3 million in 1994. These activities provide technical and cost-share assistance to non-industrial rural landowners for a variety of approved stewardship practices. To date, the most popular practice, accounting for about half the work undertaken, has involved tree planting. In addition, technical and financial assistance to urban and community forestry activities provides environmental benefits as well as productive seasonal jobs for urban youth.

The 1994 budget also proposes important changes in the funding of the timber sales and recreation programs.

Timber Program. In 1992, the Forest Service timber sales volume was 5.1 Billion Board Feet (BBF), less than half the level harvested as recently as 1990. It is unlikely that the 1993 volume will be significantly higher. The reduction is primarily due to timber conflicts with other resource values, especially preservation of habitat for sensitive, threatened or endangered species. The 1994 budget recognizes the fact that resolution of these conflicts will result in a volume of annual timber sales on the national forests that is much less than the 10 - 11 BBF sold during most years of the last two decades. The budget provides sufficient resources for a 5.2 - 5.7 BBF national output. If there is no resolution, and the sales program continues under the current judicial restraints, the estimated volume sold would be 4.1 - 4.6 BBF. Data from the Timber Sales Program Information

FOREST SERVICE

Reporting System for 1990 to 1992 indicate that the timber programs on 66 of the 120 forest administrative units covered were below-cost. However, these forests only accounted for one-fifth of the volume harvested. The Department will continue its efforts to reduce costs on such forests and take other measures as appropriate to improve the cost efficiency of the timber program.

Grazing Fees. About one-third of the livestock grazing on public lands occurs on the national forests. Currently, grazing fees are based on a formula established by the 1978 Public Rangelands Improvement Act for a seven-year trial period. The formula was continued, with minor modification, by Executive Order in 1986. The formula calculation resulted in a fee of \$1.92 per Animal Unit Month in 1992, and a reduction to \$1.86 for 1993. Recent estimates of fair market value for public rangeland grazing are two to five times higher. The manner in which the higher rates will be phased-in will be determined by the Secretaries of Agriculture and Interior. A rate for grazing year 1994 has not yet been determined.

Recreation User Fees. The national forests provide a wide spectrum of outdoor recreation opportunities including over 33 million acres of wilderness, nearly 6,000 recreation facilities, and over 100,000 miles of trails. Currently, the Forest Service charges user fees for fully equipped camping sites. In order to generate revenue to maintain and enhance recreation on national forests, the budget includes a legislative proposal which would permit the agency to selectively charge entrance fees for developed recreation areas, such as camp and picnic grounds, swimming sites, boat launch sites, managed parking lots, and visitor centers with specialized services or programs. It is estimated that these charges would generate \$10 million in 1994 which would be available for appropriation for recreation programs in 1995.

FOOD AND CONSUMER SERVICES

FOOD AND NUTRITION SERVICE (FNS)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
<u>Mandatory:</u>			
Food Stamp Program	\$22,467.7	\$24,080.5	\$25,129.7
Investment (incl. above)			(603.0)
Food Stamp Reserve	(1,500.0)	(2,500.0)	(5,000.0)
Nutrition Assistance for Puerto Rico	1,002.2	1,040.2	1,091.0
Child Nutrition Programs	6,255.1	6,905.5	7,559.9
Stimulus/Investment (incl. above)		(56.0)	(115.0)
Child Nutrition - AMS Sec. 32	400.0	400.0	400.0
Special Milk Program	21.6	20.0	20.5
Temporary Assistance, P.L. 102-552	0.0	42.3	0.0
Total, Mandatory	30,146.6	32,488.5	34,201.1
<u>Discretionary:</u>			
Special Supp. Food Program (WIC)	2,672.5	2,973.6	3,296.2
Stimulus/Investment (incl. above)		(75.0)	(350.0)
Commodity Supp. Food Program (CSFP) . . .	96.4	94.5	94.5
Food Distribution to Indians (FDPIR)	81.8	81.6	69.5
Nutrition Program for the Elderly	143.7	142.9	142.9
Soup Kitchens and Food Banks	32.0	32.0	32.0
Emergency Food Assistance (TEFAP)	165.0	188.5	209.5
Stimulus/Investment (incl. above)		(23.5)	(40.0)
Food Program Administration (FPA)	103.8	103.8	105.5
Total, Discretionary	3,295.2	3,616.9	3,950.1
Total, FNS	<u>\$33,441.8</u>	<u>\$36,105.4</u>	<u>\$38,151.2</u>

The Food and Nutrition Service is headquartered in Alexandria, Virginia, and has 7 regional offices and 59 field offices. FNS personnel manage the Nation's domestic food assistance programs at the Federal level and work with about 80,000 State employees who are funded all or in part with FNS money, as well as about 600,000 food service personnel in the Nation's schools.

FNS' mission is to: (1) make available to needy persons sufficient supplemental resources to permit them to purchase a nutritional diet and sufficient understanding of the Dietary Guidelines for Americans so that they know what they should eat; (2) provide additional assistance to vulnerable, low-income categories of needy persons to help

FOOD AND CONSUMER SERVICES

assure the adequacy of their diets (major categories include pregnant and lactating women, children up to age 18, and persons 60 years of age or older); and, (3) assist needy households, schools and certain not for profit organizations, by distributing to them commodities purchased for farm economic support requirements which could not otherwise be sold.

FNS fulfills this mission principally via food stamps, the Nation's foundation program addressing hunger. The Food Stamp Program offers assistance to people with low income and few resources. Further assistance to vulnerable groups is provided through the Special Supplemental Food Program for Women, Infants and Children (WIC) which helps low-income pregnant and lactating women, infants, and children up to age 5; the Emergency Food Assistance Program (TEFAP) which provides commodities for households in need of immediate, short-term assistance; the National School Lunch, School Breakfast, and Child and Adult Care Food Programs and other congregate feeding programs for children up to the age of 18; and the Nutrition Program for the Elderly, a congregate feeding program for persons 60 or older. These programs also help recipients learn about nutrition, so they will be better able to nourish themselves and their families.

FNS programs are operated in a State/Federal partnership, in which the Federal Government is generally responsible for paying 100 percent of benefit costs and a significant share of State administrative expenses, interpreting the statutes, and providing States with technical assistance and guidance. With a few exceptions, States are responsible for determining the eligibility of needy persons to participate in food assistance programs and for the delivery of food benefits. Food benefits take three major forms: food stamps and WIC vouchers, redeemable by households for food in retail grocery stores; cash grants, used by schools and other congregate meal providers to subsidize their meal services; and USDA purchased commodities provided to the congregate meal providers as well as to some households.

Budgetary requirements for food assistance programs depend on the number of persons who participate, as well as the unit cost of assistance provided. Low inflation helps hold unit benefit costs constant. But more importantly, since participation is restricted to low-income persons, a strong economy tends to lift individuals above eligibility thresholds and reduce participation and costs. However, low-income households tend to be the first to be affected by economic downturns and the last to benefit from upturns. So food assistance participation tends to increase or stay constant for a while even after the economy begins to improve.

The income eligibility threshold for food stamps and free school meals is 130 percent of the poverty line (\$18,655 for a household of four for 1994). The threshold for WIC and reduced price meals is set at 185 percent of poverty (\$26,548 for a household of four, or up to \$31,099 for WIC households with a pregnant woman).

A table is provided on the following page showing recent and projected participation, unit costs for food and nonfood, and other program indicators.

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Key Food Assistance Program Indicators

	1991 Actual	1992 Estimate	1993 Estimate	1994 Estimate
Participation, millions average monthly:				
Food Stamps	22.62	25.40	27.30	27.24
Free School Lunch	10.29	11.18	11.92	12.11
School Lunch, all	24.21	24.60	25.00	25.50
Special Supp. Food Program (WIC)	4.90	5.41	6.00	6.40
Commodity Supp. Food Program				
(CSFP): WIC-type	0.19	0.22	0.25	0.25
CSFP: Elderly	0.11	0.12	0.14	0.13
Food Distribution Program on Indian				
Reservations (FDPIR)	0.13	0.12	0.12	0.12
Nutrition Program for the Elderly				
(NPE), annual meals	242.60	245.44	247.25	247.25
Unemployment Rate (percent) . . .	6.5%	7.3%	7.2%	6.7%
Average/person/month food benefit in \$:				
Food Stamps	\$63.86	\$68.57	\$68.24	\$69.62
WIC	30.34	30.17	31.02	32.03
CSFP: WIC-type	21.46	21.72	21.66	22.37
CSFP: Elderly	20.12	20.01	19.93	20.25
FDPIR	33.62	34.33	35.10	36.40
Per meal subsidies including commodities:				
Free School Lunch	\$1.75	\$1.81	\$1.84	\$1.89
Paid School Lunch	\$0.29	\$0.30	\$0.30	\$0.31
NPE per meal subsidy (cents) .	56.76	61.00	57.80	57.80

FOOD AND CONSUMER SERVICES

In addition to the budget request, a key part of the action plan for the food assistance programs will focus effort to improve the programs to reach those who need assistance, to improve efficiency and integrity, and ultimately to improve the return on the Nation's investment in families and individuals.

The Food Stamp Program will continue to provide the current services level, plus new legislation will be submitted to increase benefits by about \$603 million in 1994. USDA and DHHS have developed a joint legislative proposal which would provide for reimbursement of State administrative costs for food stamps, AFDC and Medicaid with the State and Federal government sharing equally. This will amount to a reduction in Federal food stamp funding for State level activities of about \$20 million on a base of \$1.5 billion for 1994.

The WIC program supplements recipients' food purchases with specific foods providing nutrients known to be lacking in the diets of the WIC population. In addition to the current services level, \$350 million is requested for 1994, for a total of \$3.296 billion. This will allow substantial program growth over the 1993 level plus cost increases. Current Administration plans call for increments of a similar size until full WIC funding is reached at the end of 1996. About \$142 million of WIC funds supports nutrition education, including breast-feeding promotion, so that improved diets will continue after recipients leave the program. Note also that there is growing concern that program integrity problems are consuming WIC resources that should be helping recipients. With WIC full funding about to be achieved, greater emphasis on efficiency and integrity problems is also needed to assure support for this great program.

Food stamps and WIC are also complemented by Child Nutrition Programs which give low-income children access to free, balanced meals when they are in child care or school. These meals not only help assure that the children are adequately nourished so they are ready to learn, they offer the opportunity to continue the nutrition education that begins in WIC. As part of the Administration's emphasis on children, an increase of \$115 million is requested for 1994 for Child Nutrition meal reimbursements. Increases in the Head Start Program will increase the number of children receiving meals in the Child and Adult Care Food Program (CACFP), so special increases are requested to support expansion in Head Start.

For the Temporary Emergency Food Assistance Program (TEFAP) \$209 million is requested, an increase of \$40 million over current services. This will permit additional commodities to be purchased and allocated to States based on the number of unemployed persons and the number of persons under the poverty line in each State. Through TEFAP, the Federal government purchases and donates to the States a variety of wholesome commodities, which are distributed to needy persons via a network of largely volunteer organizations. They, in turn, distribute foods donated to them locally and by the Federal government.

FOOD AND CONSUMER SERVICES

HUMAN NUTRITION INFORMATION SERVICE (HNIS)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Human Nutrition Information Service	\$10.8	\$8.6	\$13.2

The Human Nutrition Information Service acquires statistically adequate data on individual food intake and household food consumption in America for use in policy and regulatory decisionmaking such as for the food assistance programs and for pesticide and additive regulation. The agency also develops nutrition education materials and coordinates nutrition monitoring activities with other entities active in the field, particularly at the Department of Health and Human Services (DHHS). Key agency activities include:

- The Continuing Survey of Food Intakes of Individuals (CSFII) and the Diet and Health Knowledge Survey (DHKS). These surveys occur in three-year cycles, with some exceptions. The CSFII measures the kinds and amounts of foods eaten to determine the dietary status of the population and the DHKS measures attitudes and knowledge about diet and health. Together, these surveys provide the only opportunity on a national scale to link an individual's knowledge and attitudes to his or her dietary behavior. Design, collection and analysis of data for these surveys are ongoing at all times with phases for different years of the study overlapping one another. In each year about 5,000 individuals are sampled; each sample includes an oversampling of the low-income population. HNIS manages contracts for the field data collection and conducts methodological research needed to improve the surveys.
- The Household Food Consumption Survey (HFCS) is planned next for 1996. HFCS supplants the Nationwide Food Consumption Survey (NFCS), a decennial survey that sampled 6,000 households including 15,000 individuals, plus a low-income subsample of 3,600 households with 10,100 individuals. NFCS measured: (1) the food used by U.S. households and the cost of those foods, and (2) the food eaten by individuals both at home and away from home. HFCS will collect food use and cost data, since CSFII now provides individual intake data.
- Building and maintaining the infrastructure necessary to support the food surveys and the work of other public and private researchers. This includes the National Nutrient Data Bank which provides information about what nutrients are in the foods we eat, essential information to convert survey data into information on dietary status. HNIS also maintains the Food Grouping System which converts multicomponent foods reported as consumed into their separate ingredients. This

FOOD AND CONSUMER SERVICES

is necessary for such things as determining the nutritional value of many foods consumed, estimating intakes of pesticide residues, etc.

- Analyzing data on food habits and developing guidance for food consumption, such as the Dietary Guidelines for Americans. HNIS also develops nutrition education materials and the food plans, including the Thrifty Food Plan on which the Food Stamp Program benefit is based.
- Coordinating Federal human nutrition policy development within USDA and between USDA and other agencies. HNIS is USDA's lead agency in the implementation of the National Nutrition Monitoring Plan, required by P.L. 101-445. The law addresses both survey and nutrition education activities.

Much of HNIS' resources are used for activities and projects which operate at about the same level each year. However, in years when surveys are undertaken, increases are required to fund field data collection.

MARKETING AND INSPECTION PROGRAMS

FOOD SAFETY AND INSPECTION SERVICE (FSIS)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Slaughter Inspection	\$323.1	\$340.3	\$352.6
Direct Appropriation (incl. above)	(282.1)	(293.8)	(232.8)
Ongoing User Fees (incl. above)	(41.0)	(43.9)	(46.3)
New User Fees (incl. above)			(67.1)
Stimulus/Investment (incl. above)		(2.6)	(6.4)
Processing Inspection	135.5	141.9	147.3
Direct Appropriation (incl. above)	(117.9)	(121.6)	(96.1)
Ongoing User Fees (incl. above)	(17.6)	(18.8)	(19.8)
New User Fees (incl. above)			(27.8)
Stimulus/Investment (incl. above)		(1.4)	(3.6)
Import-Export	11.8	12.2	12.3
Direct Appropriation (incl. above)	(11.8)	(12.2)	(9.5)
New User Fees (incl. above)			(2.8)
Laboratory Services	23.2	23.7	23.9
Direct Appropriation (incl. above)	(23.2)	(23.7)	(17.5)
New User Fees (incl. above)			(6.4)
Grants to States	38.5	38.5	39.6
Food Safety Methodology	0.0	0.0	8.0
Investment (incl. above)			(8.0)
Subtotal	532.1	556.6	583.7
Trust Funds	1.9	2.0	2.0
Total, Program Level	534.0	558.6	585.7
Financed from Fees	-60.5	-64.7	-172.1
Total, Appropriation	\$473.5	\$493.9	\$413.6

The mission of the Food Safety and Inspection Service is to assure the Nation's meat and poultry supply is safe, wholesome, unadulterated, and properly labeled and packaged. While USDA is committed to decreasing the employment within the Department, an exception has been made in the food and safety inspection area. FSIS's employment will be increasing over the next five years with an additional 200 inspectors in 1994 to fill critical vacancies and allow for growth in the industry. Specific FSIS activities include the following:

MARKETING AND INSPECTION PROGRAMS

- Slaughter Inspection. FSIS inspectors and veterinarians inspect all carcasses in slaughter plants for disease and other abnormalities, and samples for the presence of chemical residues. Other responsibilities include the application of uniform standards for sanitation, equipment, and facilities, and humane methods of slaughter.

As part of the Administration's economic stimulus package for 1993, the budget includes an increase of \$4.0 million to hire 160 additional inspectors. Of this amount, \$2.6 million will be used to fill 102 slaughter inspector positions. The 1994 proposal includes \$10 million to continue efforts to fully staff the meat and poultry inspection program. This includes \$5.1 million to annualize the cost of the 102 slaughter inspector positions filled in 1993 and \$1.3 million to hire and train an additional 25 slaughter inspectors in 1994.

- Processing Inspection. Meat and poultry processing operations are inspected by FSIS on a daily basis. Typical processing operations include cutting, boning, curing, and canning. Inspector activities include review of plant operations for sanitation and cleanliness, labeling, and packing functions.

As part of the Administration's economic stimulus package for 1993, the budget includes an increase of \$4.0 million to hire 160 additional inspectors. Of this amount, \$1.4 million will be used to fill 58 processing inspector positions. The 1994 proposal includes \$10 million to continue efforts to fully staff the meat and poultry inspection program. This includes \$2.9 million to annualize the cost of the 58 processing inspector positions filled in 1993 and \$0.7 million to hire and train an additional 15 processing inspectors in 1994.

- Import-Export Inspection. FSIS reviews inspection systems in countries exporting meat and poultry products to the U.S. and inspects imported products at ports of entry. Products destined for export markets are inspected by FSIS domestic inspectors at slaughter and processing plants for proper labeling and packaging in accordance with the destination country's standards.
- Laboratory Services. FSIS operates three laboratories and has agreements with two other private laboratories to perform the scientific testing in support of inspection operations. Samples sent to the laboratories are analyzed to identify the presence of pathogens, residues, additives, disease, and foreign matter. As required by the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (P.L. 102-237), the 1994 budget proposes user fees of \$1.0 million for the Accredited Laboratory Program. Laboratories accredited by the agency to perform certain tests of meat and poultry products will be required to reimburse the Federal government for the full cost of providing and maintaining a continuing review of their accreditation status.
- Grants to States. FSIS has authority to approve State meat and poultry inspection programs for products travelling in intrastate commerce. FSIS reviews State inspection programs to assure standards, at least equal to Federal standards, are applied to meat and poultry plants under State jurisdiction. For State inspection

MARKETING AND INSPECTION PROGRAMS

programs, USDA contributes, through the Grants to States program, up to 50 percent of each State's costs. Currently, 28 States participate in the program.

- Food Safety Methodology. The control of pathogenic microorganisms has always been an implicit goal of the Federal meat and poultry inspection program. The program has worked to achieve this through such activities as organoleptic inspection in slaughterhouses, daily inspection in processing plants, inspection of imported products, laboratory analyses, and consumer education. In order to improve this program, a Pathogen Reduction Program has been adopted to reduce the likelihood that harmful pathogens will enter the food supply at key points in the production, processing, distribution, and consumption chain. The program includes "pre-harvest" production activities, research on rapid detection methods, "post-harvest" research in slaughter and processing plants, education programs for food service and retail employees, and consumer education. As part of the Administration's investment package, the 1994 budget includes an increase of \$8.0 million to conduct scientific investigations and study methods adopted under the Pathogen Reduction Strategy.
- User Fees. For 1994, \$103.0 million in user fees will be derived by recovering 100 percent of the cost of inspection service provided beyond an eight-hour primary approved shift. Currently, user fees are collected to recover the cost of overtime inspection and holiday inspection. Establishments that are able to schedule two eight-hour shifts in a day are provided inspection without charge. Establishments with more than one eight-hour shift are generally large plants with sizable production operated by corporations or large business interests. Establishments that do not have enough production to warrant an additional shift must pay overtime. These establishments tend to be smaller plants owned by families or small businesses. To put large and small establishments on equal footing, all establishments that operate beyond a single complete shift will be required to pay 100 percent of the costs of those operations. These fees will have a minimal impact on prices.
- Trust Funds. Establishments requesting voluntary inspection services, which are not mandated by law, are charged a user fee to recover the full cost of the services provided.

MARKETING AND INSPECTION PROGRAMS

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Pest and Disease Exclusion:			
Agricultural Quarantine Inspection . . .	\$20.4	\$22.7	\$24.6
User Fees	85.9	83.4	91.5
Mediterranean Fruit Fly	10.1	10.2	10.3
Screwworm	34.0	34.6	34.9
Other Programs	19.5	18.3	17.4
Emergency Programs	17.4	25.9	0.0
Plant and Animal Health Monitoring:			
Animal Health Monitoring and Surveillance	59.7	59.6	60.7
Other Programs	13.7	13.7	13.4
Pest and Disease Management:			
Animal Damage Control Operations . . .	25.6	25.6	26.2
Biocontrol	5.1	4.6	8.2
Brucellosis eradication	32.1	33.0	31.4
Scrapie	0.9	0.8	3.5
Other Programs	60.5	63.0	48.3
Animal Care	9.5	9.5	9.7
Scientific and Technical Services:			
Integrated Systems Acquisition	2.5	2.5	5.0
Other programs	46.3	46.2	48.0
Contingency Fund	5.0	5.0	5.0
All Other	18.1	17.9	17.7
Total, APHIS Programs	466.3	476.5	455.8
Buildings and Facilities	21.4	10.4	10.3
Total, APHIS	<u>\$487.7</u>	<u>\$486.9</u>	<u>\$466.1</u>

MARKETING AND INSPECTION PROGRAMS

The Animal and Plant Health Inspection Service is responsible for protecting U.S. animal and plant resources from diseases and pests. The major areas of activity are as follows:

- Inspection and quarantine at U.S. ports of entry to prevent the introduction of foreign or exotic diseases or pests;
- Surveying and monitoring the spread of plant pests and animal diseases for State, local, and private action;
- Administering domestic control and eradication programs to combat outbreaks of plant pests and animal diseases;
- Inspecting for humane care and handling of animals used in research, exhibition or the wholesale pet trade; and
- Providing scientific and technical assistance for biotechnology, disease diagnostics, and pest control methods development.

Agricultural Quarantine Inspection (AQI). The AQI program is the nation's frontline defense against the introduction of dangerous agricultural pests and diseases from other countries. Each person or bag entering this country could potentially be carrying an exotic pest capable of causing a major outbreak. Inspection techniques such as x-ray machines and detector dog teams are used to handle the increasing workload. APHIS began collecting fees for the AQI activities in 1991. As of January 1993, the working reserve was adequate and the volume of air traffic enabled APHIS to lower some of its fees. The 1994 budget proposes \$116 million for AQI activities, an increase of \$10 million from 1993. The \$1.9 million increase in appropriations from the general fund will provide for increased passenger inspection activities from Hawaii and Puerto Rico. The \$8.1 million increase in the user fee account reflects increased international traffic.

Mediterranean Fruit Fly. The Mediterranean fruit fly is one of the world's most destructive pests of fruits and vegetables. In 1993, a \$25.9 million emergency transfer from CCC funds is being used to eradicate the pest in cooperation with California. The 1994 budget proposes \$10.3 million for ongoing detection, surveillance, and eradication.

Screwworm. The Screwworm Eradication program protects the U.S. livestock industry by eradicating screwworms from Mexico and Central America countries. The agency is progressing toward establishing a permanent, sustainable sterile fly barrier south of Mexico. A September 1992 outbreak is delaying some eradication activities to move south into Guatemala, Belize, Honduras, and El Salvador. The 1994 budget proposes funding of \$34.9 million, an increase of \$0.3 million over the 1993 current estimate.

MARKETING AND INSPECTION PROGRAMS

Animal Health Monitoring and Surveillance (AHMS). APHIS proposes the new AHMS line item to separate the ongoing monitoring and surveillance functions of the agency from the eradication/control activities. This AHMS line item would fund animal disease surveillance and detection, emergency disease preparedness and response, animal health monitoring, and an epidemiological delivery system at \$60.7 million. The reason such a program is needed is due to the eventual successful eradication of diseases. While eradication efforts cease, funding in the AHMS line item for surveillance activities remains necessary to prevent reinfestations.

Biocontrol. Through this program, APHIS provides an integrated pest management approach to control agricultural pests of economic importance, usually in a cooperative effort with Federal and State agencies. The 1994 budget proposes funding of \$8.2 million, an increase of \$3.6 million over the 1993 current estimate. The increase is for participation in the National Biological Control Program interagency initiative to conduct research and implement integrated pest and crop management systems. The \$2.4 million Russian Wheat Aphid program is also transferred to this activity.

Brucellosis. The Department cooperates with State governments, industry organizations, and individual herd owners to eradicate brucellosis. Currently, the highest brucellosis infection level, "Class B", which is an infection rate less than 1.5 percent for the previous year is in Texas. The 1994 budget proposes funding of \$31.4 million for brucellosis eradication, a decrease of \$1.6 million below the 1993 current estimate.

Scrapie. This is a cooperative Federal-State control program which provides for the development of sheep and goat flocks that are certified to be scrapie-free. Participation in the program is voluntary. Methods include surveillance, epidemiologic studies, laboratory diagnostics, permanent identification of animals in participating flocks, and depopulation of infected and source flocks. Indemnity procedures became effective December 1992. The 1994 budget proposes funding of \$3.5 million, an increase of \$2.7 million over the 1993 current estimate. The increased funding is for setup and implementation of the Voluntary Scrapie Flock Certification Program.

Other Pest and Disease Management Programs. Various programs control and eradicate plant pest infestations and animal diseases. The 1994 budget proposes funding of \$48.3 million, a decrease of \$14.7 million below the current 1993 estimate. The decreases represent general program reductions, the lack of need for additional no-year funding for grasshopper control, and the lack of effective treatments for the imported fire ant program.

Integrated Systems Acquisition Project (ISAP). The ISAP is designed to replace the Agency's current mixture of incompatible ADP systems. This project will enable the agency to place greater emphasis on collecting and disseminating information relative to protecting American agriculture. The 1994 budget proposes funding of \$5.0 million, an increase of \$2.5 million from 1993. The ten-year project has an estimated cost of \$250 million. After these bids are submitted they will be reviewed in order to establish priority modules and alternative funding options.

MARKETING AND INSPECTION PROGRAMS

Buildings and Facilities. Of the 1994 request of \$10.3 million for Buildings and Facilities, \$7.1 million is for the maintenance and repair of APHIS-operated facilities. The 1994 budget also proposes \$2.0 million for completion of outdoor holding pens at the Denver Wildlife Research Center in Fort Collins, Colorado; \$0.5 million for restoring the Animal Predator Facility in Milville, Utah which was destroyed by fire in October 1992; and \$0.7 million for expanding the Plant Methods Development rearing facility in Mission, Texas.

AGRICULTURAL MARKETING SERVICE (AMS)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Agricultural Marketing Programs:			
Market News	\$19.1	\$19.0	\$19.5
Inspection and Standardization	17.0	17.1	11.3
Financed from New User Fees	0.0	0.0	6.2
Market and Protection and Promotion .	14.5	15.0	15.1
Wholesale Market and Protection	2.3	2.3	2.3
Transportation Services	2.6	2.6	2.6
Payments to States	1.3	1.3	1.3
Appropriations to Trust Funds	1.9	0.0	0.0
Subtotal, Agricultural Marketing Programs	58.7	57.3	58.3
Section 32 Funds:			
Marketing Agreements and Orders ...	9.3	10.3	0.4
Financed from New User Fees	0.0	0.0	10.7
Commodity Purchase Services	6.0	6.0	6.1
Perishable Agricultural Commodities			
Act Trust Fund	7.9	7.6	7.8
Ongoing User Fees and Trust Funds ...	152.7	154.2	151.4
Total, AMS	\$234.6	\$235.4	\$234.7

MARKETING AND INSPECTION PROGRAMS

For 1994, the AMS budget proposes a program level of \$234.7 million of which \$176.1 million (75 percent) will be funded by user fees. Specific AMS activities include the following:

- Agricultural Marketing Programs. AMS administers a variety of programs that enhance the marketing and distribution of agricultural products. Activities include the dissemination of market information, inspection of egg products, development of grade standards, protection of producers, random testing of commodities for pesticide residues, promotion of agricultural products, and research and technical assistance aimed at improving efficiency of food marketing and distribution. The 1994 budget includes a proposal to collect \$1.7 million in new user fees for providing inspection services to egg processing plants beyond a single approved primary shift. Currently, user fees are collected to recover the cost of overtime inspection and holiday inspection. If a complete second shift can be scheduled, inspection services are provided without charge. To put large and small establishments on equal footing, establishments that operate beyond a single shift will be required to pay for 100 percent of the costs of those operations. These fees will have a minimal impact on prices.

The 1994 budget also includes a proposal to collect \$4.5 million in new user fees to recover the Federal government's cost of developing commodity grade standards. Development of commodity grade standards provide a direct benefit to the industry by helping to insure the orderly and efficient marketing and distribution commodities from the farm to domestic and foreign buyers.

- Section 32 Funds. These funds are used by AMS to administer marketing agreements and orders at the national level and for public hearings and producer referenda. Administration at the local level is financed through handler assessments. The 1994 budget includes a proposal to collect \$10.7 million in new user fees to recover the Federal government's cost of administering marketing agreements and orders.

Section 32 funds are used to finance the administrative costs associated with the purchase of commodities. Section 32 funds are also used by AMS to finance the administrative costs associated with the purchase of commodities that support domestic feeding programs, such as the National School Lunch Program. In addition, AMS is responsible for developing the specifications used for food procurement throughout the Federal government.

- Perishable Agricultural Commodities Act. This Act provides protection to producers, shippers, distributors, and retailers from unfair and fraudulent practices in the marketing of perishable agricultural commodities. Full and prompt payment for such products is a key objective of the program. The program is funded through an annual licensing fee assessed against marketers of such products.

MARKETING AND INSPECTION PROGRAMS

- Ongoing User Fees and Trust Funds. AMS provides inspection, commodity grading, and classing services for dairy products, fresh and processed fruits and vegetables, meat and meat products, poultry, eggs, tobacco, and cotton. AMS recovers the cost of these services through user fees.

FEDERAL GRAIN INSPECTION SERVICE (FGIS)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Appropriated Funds	\$11.4	\$11.4	\$4.7
User Fees	31.5	42.8	49.7
Total, FGIS	<u>\$42.9</u>	<u>\$54.2</u>	<u>\$54.4</u>

The Federal Grain Inspection Service establishes official U.S. standards for grain, conducts weighing and inspection activities, and inspects other agricultural products, such as rice, dry beans and peas, processed grain products, and hops.

The 1994 budget proposes a program level of \$54.4 million. This request proposes the collection of user fees for developing grain standards. It is estimated that \$6.9 million will need to be collected to sustain these services, which could mean an increase of up to 20 percent to the fees for grain inspection. Compliance activities will continue to be financed from appropriated funds.

AGRICULTURAL COOPERATIVE SERVICE (ACS)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Agricultural Cooperative Service:			
Research	\$3.5	\$3.5	\$3.6
Technical Assistance:			
Appropriation	2.1	2.1	1.7
User Fees	<u>0.0</u>	<u>0.0</u>	<u>0.4</u>
Total, ACS	<u>\$5.6</u>	<u>\$5.6</u>	<u>\$5.7</u>

MARKETING AND INSPECTION PROGRAMS

The Agricultural Cooperative Service provides technical assistance and conducts research on economic, financial, organizational, managerial, legal, social, and other related issues that affect cooperatives. The 1994 budget includes a proposal to collect \$0.4 million in new user fees for technical assistance provided to cooperatives with annual revenues of \$20 million or more and at least a three-year history of sustained profitability.

PACKERS AND STOCKYARDS ADMINISTRATION (PSA)

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Packers and Stockyards Administration	\$12.0	\$12.0	\$12.2

The Packers and Stockyards Administration works to assure the integrity of the livestock, meat, and poultry markets and the market place. This is accomplished through fostering fair and open competition and guarding against deceptive and fraudulent practices which affect meat and poultry prices. Producers, consumers and industry are protected from unfair business practices which can unduly affect meat and poultry distribution and prices.

The 1994 budget requests \$12.2 million, an increase of \$0.2 million to reflect annualization of the 1993 pay costs. PSA will continue to implement its Agencywide Information Management System (AIMS), survey the care and handling of downed animals at stockyards, and study packer concentration funded in 1992.

ECONOMICS AND STATISTICS

ECONOMICS AND STATISTICS

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Economic Research Service	\$59.3	\$59.3	\$51.8
National Agricultural Statistics Service . .	82.9	81.3	82.7
World Agricultural Outlook Board	2.5	2.5	2.6
Total, Economics and Statistics	<u>\$144.7</u>	<u>\$143.1</u>	<u>\$137.1</u>

ECONOMIC RESEARCH SERVICE (ERS)

ERS provides agricultural economic information and analysis that addresses the concerns and the decisionmaking needs of farmers, consumers, extension workers, private analysts, processors, marketers, and government officials. For example, ERS monitors, analyzes, and forecasts U.S. and world agricultural production and demand for production resources, agricultural commodities, and food and fiber products. ERS also measures the costs of and returns to agricultural production and marketing, evaluates the economic performance of U.S. agricultural production and marketing, and estimates the effects of Government policies and programs on farmers, rural residents and communities, natural resources, and the public.

The 1994 budget proposes a net decrease of \$7.5 million below the 1993 estimate, which is a \$10.2 million reduction below the baseline. This net decrease includes an \$8.8 million program reduction which will be achieved through a combination of improved program efficiencies, consolidation of staff around issues and subject matters most essential to the Department's policymaking needs, and reductions in travel related training and meeting participation, data purchases and support services. For 1994 through 1997, the President's budget plan includes a total program savings of about \$59 million. This is a 22 percent reduction from current activities and will be achieved through further staff reductions and a continued refocusing of ERS analyses on the Department's most essential issues.

NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

NASS collects and reports statistical data on crop and livestock production, inventories, prices and other agricultural economic indicators. It provides critical data for use within the Department as well as for farmers, marketers, private and public sector analysts and

officials. Agricultural estimates are made by a central office in Washington, D.C., and by State statistical offices which are typically operated as joint State and Federal services. The agency also conducts and coordinates research on statistical techniques.

WORLD AGRICULTURAL OUTLOOK BOARD (WAOB)

WAOB serves as the single focal point for the Nation's economic intelligence related to domestic and international food and agriculture, and is responsible for coordination and clearance of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department.

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL OFFICES AND ACTIVITIES

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Departmental Offices:			
Office of the Secretary	\$8.7	\$9.0	\$9.1
Departmental Administration			
Staff Offices	25.4	25.8	27.3
Office of Budget and Program			
Analysis	6.1	5.8	5.9
Office of Public Affairs	9.4	9.4	9.6
Office of the Inspector General	62.8	62.8	63.9
Office of the General Counsel	24.6	24.6	25.0
Subtotal	137.0	137.4	140.8
Centrally Financed Activities:			
Advisory Committees	2.0	1.0	1.0
Building Operations and			
Maintenance	25.7	25.7	25.6
Rental Payments	50.7	50.3	50.5
Hazardous Waste Management	26.3	16.0	16.0
Gifts and Bequests8	2.7	2.7
Subtotal	105.5	95.7	95.8
Total, Departmental Offices and Centralized Services	\$242.5	\$233.1	\$236.6

Consistent with all other USDA agencies, the 1994 budget for the Departmental Offices and Activities reflects a 3 percent reduction in administrative expenses from the amount available in the 1993 budget adjusted for inflation; an increase for non-salary costs and annualization of the 1993 pay raise; and a decrease for FTS 2000 funding.

Office of the Secretary. The Office of the Secretary, Deputy Secretary, Under Secretaries, Assistant Secretaries and their immediate staff, direct and coordinate the work of the Department. This includes developing policy and maintaining liaison with the Executive Office of the President and members of Congress on matters pertaining to USDA programs.

DEPARTMENTAL ACTIVITIES

Departmental Administration (DA) Staff Offices. Under the jurisdiction of the Assistant Secretary for Administration, the Staff Offices provide overall direction, coordination and technical assistance to USDA's agencies in the development and implementation of Departmental policies for the administrative management functions of the Department. The Staff Offices include: Operations, Personnel, Finance and Management (OFM), Information Resources Management (OIRM), and Advocacy and Enterprise. Also included in the DA area are the Offices of Administrative Law Judges and Judicial Officer, and the Emergency Programs Office.

The 1994 request for Departmental Administration includes an increase for two areas needing stronger centralized oversight to correct deficiencies -- Financial Management and Information Resources Management. Improvements in these areas should result in savings in Department costs over the long-term.

Financial Management. The DA request for 1994 includes an increase of \$616,000 above the 1993 appropriation for OFM. The additional funds are requested to implement much needed financial systems oversight as required by the Chief Financial Officers' Act, to correct deficiencies in the Department's financial management systems that have been identified by the USDA Inspector General, and to provide better stewardship over the substantial resources entrusted to USDA.

Information Resources Management. The DA request for 1994 includes an increase of \$384,000 above the 1993 appropriation for OIRM. These funds are requested to provide expertise to guide the development of an integrated information management system that will improve the sharing of information among USDA agencies and to implement systems to ease the paperwork burden on farmers. These actions should result in savings by eliminating current system incompatibilities and redundancies.

Office of Budget and Program Analysis. OBPA provides direction and administration of the Department's budgetary functions; reviews program and legislative proposals for program and budget related implications; analyzes program resources issues and alternatives; and provides departmentwide coordination for and participation in the presentation of budget related matters to the committees of the Congress, the press and the public. OBPA also provides departmentwide coordination of the preparation and processing of the legislative program and legislative reports and departmentwide coordination and processing of regulations.

Office of Public Affairs. OPA provides leadership, expertise, and counsel for the development of public affairs strategies for the programs of the Department of Agriculture. In addition, the Office maintains USDA liaison with the White House and State and local government officials including Indian Tribal Councils and the organizations representing these officials and councils.

DEPARTMENTAL ACTIVITIES

The Secretary has announced plans to consolidate the various agency press offices throughout the Department into one Office of Communications in an effort to reduce overhead costs and provide a more effective organization. Final decisions on the structure of the Office of Communications have not been made in time for inclusion in the 1994 Budget.

Office of the Inspector General. OIG conducts and supervises audits and investigations relating to programs and operations of the Department, recommends policies and activities to promote economy and efficiency, recommends policies and activities to prevent and detect fraud and mismanagement in operation of the Department, and keeps the Secretary and the Congress fully informed about problems and deficiencies relating to the administration of the Department's programs.

Office of the General Counsel. OGC serves as the legal advisor and counsel for the Secretary and the program agencies of the Department. The Office provides legal services for the Department, which include but are not limited to: providing legal advice, representing the Department in administrative proceedings, assisting the Department of Justice in cases involving the USDA, and representing the Secretary and the Commodity Credit Corporation before the Interstate Commerce Commission, the Federal Maritime Commission and the Interstate Trade Commission.

Centrally Financed Activities. These centralized activities are managed by the DA Staff Offices and provide services to USDA agencies. Each activity is a separate appropriation.

MULTIAGENCY PROGRAMS

FCCSET RESEARCH INITIATIVES

USDA participates in the National research and development (R&D) programs coordinated by the Federal Coordinating Council for Science, Engineering and Technology (FCCSET). FCCSET coordinates research efforts of Federal agencies and private industry to facilitate Federal R&D activities. USDA research programs support several of the FCCSET initiatives, including Advanced Materials, Global Change Research, Math and Science Education, Advanced Manufacturing, and Biotechnology.

ADVANCED MATERIALS

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Agricultural Research Service	\$32.4	\$32.4	\$32.8
Alternative Agricultural Research and Commercialization	1.9	2.9	8.0
Cooperative State Research Service . . .	0.1	0.1	3.0
Forest Service	1.9	2.0	2.0
Total, Advanced Materials	<u>\$36.3</u>	<u>\$37.4</u>	<u>\$45.8</u>

USDA is one of ten Federal Agencies participating in the Advanced Materials and Processing Program (AMPP) of FCCSET. The AMPP is a coordinated initiative to encourage the development of improved materials to meet industrial and consumer demands. Efforts focus on synthesis and processing and expanding the technological applications of materials. As part of this initiative, USDA agencies involve Federal and university research scientists as well as private industry in the advancement of materials science based on agricultural and forestry commodities as inputs. Increases proposed in 1994 for USDA include funds in CSRS to develop advanced nylons, plastics and fluids from crops and expanding the AARC program to assure the commercial adoption of new materials technology. In addition to these funds, CSRS also supports about \$5 million in related formula and competitive research grants to universities.

MULTIAGENCY PROGRAMS

GLOBAL CHANGE

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Agricultural Research Service	\$9.6	\$10.0	\$10.1
Cooperative State Research Service . . .	11.4	11.4	12.9
Economic Research Service	0.8	0.8	0.8
Forest Service	23.3	22.3	22.3
Farm Service Agency	1.5	1.5	1.5
Total, Global Change	<u>\$46.6</u>	<u>\$46.0</u>	<u>\$47.6</u>

Agriculture and forestry concerns in the global change program focus on increases in atmospheric carbon dioxide, methane and nitrous oxides from forest land conversion, livestock and rice production and the application of chemical nitrogen fertilizers. Concern also focuses on levels of ultraviolet-B light and shifting temperature and moisture patterns which would have significant implications for agriculture and forestry. Informed decisions which might affect the production and supply of food and fiber products cannot be made until scientists better understand basic processes of carbon and nutrient cycling, climate and hydrologic cycles and soil formation. In addition to the directed global change programs described above, a number of other USDA research and data collection programs provide significant inputs into better understanding how crops, water and soils will respond to climate changes. Included are soil and water research and survey programs and plant and animal development programs to adapt to climate-related stresses. These important programs will be continued.

MATH AND SCIENCE EDUCATION

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Agricultural Research Service	\$5.7	\$6.5	\$5.0
Cooperative State Research Service . . .	16.6	16.6	17.9
Extension Service	1.2	1.2	1.2
Total, Math and Science Education . . .	<u>\$23.5</u>	<u>\$24.3</u>	<u>\$24.1</u>

MULTIAGENCY PROGRAMS

USDA agencies are active participants in the FCCSET initiative to improve math and science education. The FCCSET Committee on Education and Human Resources and the Department of Education work with other Federal Agencies and States to combine resources in support of this goal. ARS and CSRS support research apprenticeship programs for minority and female high school students and approximately 100 new postdoctoral research associates join ARS labs each year. The 1890 Institution Capacity Building Grants Program, Agriculture in the Classroom, and CSRS higher education programs support this National initiative. Extension Service provides funding for AG*SAT, a satellite-based network that delivers education programs in food, agriculture, and related natural resource sciences. Included in the CSRS budget for 1994 is increased funding for Capacity Building Grants and \$1 million to initiate a minority scholars program.

ADVANCED MANUFACTURING

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Agricultural Research Service	\$34.8	\$34.8	\$42.3
Alternative Agricultural Research and Commercialization	0.5	0.9	2.4
Cooperative State Research Service . . .	2.5	2.5	2.9
Forest Service	2.4	2.4	2.4
Total, Advanced Manufacturing	<u>\$40.2</u>	<u>\$40.6</u>	<u>\$50.0</u>

USDA is participating in this coordinated governmentwide program to develop and encourage the adoption of advanced manufacturing processes by American industry. Agricultural and forestry commodities can offer significant advantages -- including reduced imports, environmental benefits and increased development in rural areas -- as inputs for the manufacture of consumer and industrial products. With a proposed \$7.5 million increase for ARS, scientists will apply advanced research methods, such as bioconversion, enzyme engineering and improved membrane separation to develop improved means to produce new products, including biofuels. A portion of the increased program proposed for ARS will develop technology to improve farm production efficiency through the integration of biological, engineering and economic models. Increased funding proposed for AARC will support additional development and commercialization of new processing technologies in cooperation with private industry.

MULTIAGENCY PROGRAMS

BIOTECHNOLOGY

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Agricultural Research Service	\$110.3	\$113.8	\$115.3
Cooperative State Research Service . . .	96.7	87.2	66.7
Economic Research Service	0.2	0.2	0.2
Forest Service	6.2	8.5	8.5
Total, Biotechnology	<u>\$213.4</u>	<u>\$209.7</u>	<u>\$190.7</u>

Researchers are increasingly applying biotechnologies to solve problems encountered by producers and consumers of agricultural and forestry products. Application of these techniques, including tissue culture, gene mapping, gene transfer and recombinant DNA, provides scientists with more precise means to improve plants and animals, develop pest resistance and develop new products based on starch, oil and fiber inputs. Research supported by USDA is also improving the technologies available to researchers. Within the total funding for biotechnology, about \$1.7 million is devoted to a program of research on biotechnology risk assessment to meet needs of regulatory and research agencies. CSRS funding for biotechnology includes \$1.1 million for graduate fellowships. Decreased total biotechnology funding for CSRS reflects the elimination of earmarked special grants and facility projects partially offset by increased biotechnology investment proposed through the NRI.

MULTIAGENCY PROGRAMS

USDA INTERAGENCY PROGRAMS

Producers, processors and consumers of agricultural products face an array of challenging issues. New, advanced scientific and technical tools provide enhanced opportunities to effectively address these issues, but frequently require a multidisciplinary approach that exceeds the capacity of any single agency to deliver a solution. In many cases, an effective approach involves the coordinated input of talents from a number of agencies, including research, education, technical assistance and other program offices. USDA has a number of ongoing multiagency or interagency programs focused on complex issues, including developing biofuels and other new uses for agricultural commodities, providing nutrition education, assuring the safety of the food supply, addressing agriculture-related water quality concerns and encouraging the development of minority talent in the food and agricultural sciences. These programs help meet national goals to encourage rural development, lower the trade deficit, increase farm income, and facilitate the implementation of recent environmental legislation. The following set of tables provides a brief overview of major USDA interagency programs. In some cases activities contribute to several objectives and are shown on more than one table.

BIOFUELS

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Agricultural Research Service	\$2.6	\$2.8	\$4.5
Alternative Agricultural Research and Commercialization	0.0	2.3	4.0
Cooperative State Research Service . . .	2.1	2.2	2.6
Economic Research Service	1.1	1.1	1.1
Forest Service	0.2	0.3	0.3
Total, Biofuels	\$6.0	\$8.7	\$12.5

Implementation of the Clean Air Act amendments will increase the demand for oxygenated and alternative fuels. Agriculture and forestry based fuels, including ethanol and biodiesel substitutes, can supply a share of the demand for these new fuels. In addition to environmental benefits, agriculture based fuels will increase demand for commodities and improve farm income, lower farm program costs, improve the Nation's energy security, and enhance our balance of trade.

USDA proposes an expanded research and development program on the production and processing of agricultural products to provide the basis for economically viable production

MULTIAGENCY PROGRAMS

of biofuels. Additional funding is proposed for research at Federal labs and for competitive grants to support research at universities and other institutions. Proposed research programs have been planned in coordination with other government agencies, including the Department of Energy.

NEW USES FOR AGRICULTURAL COMMODITIES

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Agricultural Marketing Service	\$0.1	\$0.5	\$0.5
Agricultural Research Service	65.9	73.8	79.1
Alternative Agricultural Research and Commercialization	0.3	9.2	16.0
Cooperative State Research Service . . .	21.6	21.1	25.5
Economic Research Service	0.3	0.1	0.1
Extension Service	0.0	0.0	0.2
Forest Service	8.7	9.3	9.4
Total, New Uses	<u>\$96.9</u>	<u>\$114.0</u>	<u>\$130.8</u>

American farmers are among the world's most efficient and reliable producers of food and fiber commodities for domestic use and export. While international markets in bulk commodities are becoming more competitive, opportunities exist to address environmental and other societal concerns through the development of agriculture-based industrial and consumer products. New value-added uses based on agriculture and forestry commodities can enhance U.S. competitiveness in international markets, increase farm income and reduce farm program costs, increase employment and provide new economic opportunities for rural residents. USDA proposes an increased research program to apply advanced biotechnologies, process engineering and other research techniques to develop new materials and products to serve a variety of markets. The USDA program includes funds for projects in the governmentwide initiatives on advanced materials and advanced manufacturing research as well as other new uses for commodities. Potential new uses include totally biodegradable plastics, biopesticides manufactured from starch, industrial lubricants and coatings, and natural additives for foods. Funds will support research at Federal labs and competitive grants to university and other scientists and will support commercialization activities through AARC. Research programs are coordinated with the Department of Energy, the Environmental Protection Agency, and the Department of Defense.

MULTIAGENCY PROGRAMS

HUMAN NUTRITION RESEARCH, EDUCATION, AND MONITORING

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Agricultural Research Service	\$49.9	\$49.7	\$50.1
Cooperative State Research Service . . .	12.3	12.5	14.9
Economic Research Service	1.1	1.5	1.5
Extension Service	77.7	84.7	94.1
Food and Nutrition Service	136.4	153.1	165.7
Food Safety and Inspection Service	0.1	0.1	0.1
Human Nutrition Information Service . . .	10.3	7.9	12.6
National Agricultural Library	0.7	0.7	0.7
Total, Human Nutrition Research, Education, and Monitoring	<u>\$288.5</u>	<u>\$310.2</u>	<u>\$339.7</u>

The budget proposes funding adequate to ensure that Federal dietary guidance is based on sound science, that food and nutrient consumption data are accurately gathered and interpreted; and that low income adults, children, and especially vulnerable individuals such as pregnant or lactating women, understand the importance of maintaining a healthy diet. Funding is also included to ensure that Child Nutrition Program operators will have the tools necessary to apply the Dietary Guidelines to their meal programs; and that Extension workers can provide educational assistance to food stamp recipients and other members of low-income households. For pregnant, lactating women, and their children, in addition to the nutrition education and breast-feeding instruction provided through WIC, Extension Service funds are proposed to provide intensive training to the neediest WIC participants to substantially improve the composition of their diet. As part of a multiagency, multi-year plan for nutrition monitoring and related research, USDA will also place increased emphasis on the coordination of its nutrition research, education, and nutrition monitoring activities with those of other agencies.

MULTIAGENCY PROGRAMS

FOOD SAFETY

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Agricultural Marketing Service	\$24.4	\$24.3	\$24.6
Agricultural Research Service	36.0	36.0	36.4
Cooperative State Research Service . . .	10.3	10.4	9.7
Economic Research Service	2.5	2.8	2.0
Extension Service	1.5	1.5	2.0
Federal Grain Inspection Service	0.3	0.3	0.3
Food Safety and Inspection Service	534.0	558.6	585.7
Human Nutrition Information Service . . .	0.5	0.5	0.5
National Agricultural Statistics Service . .	3.5	3.5	3.5
Total, Food Safety	<u>\$613.0</u>	<u>\$637.9</u>	<u>\$664.7</u>

USDA is responsible for assuring the safety of the Nation's meat, poultry and egg supply and also has a major role in other food safety issues, including mycotoxins and pesticide residues. Close coordination of the efforts of a number of USDA agencies assures the development and application of improved technologies to examine microbial contamination, pesticide and drug residues and natural toxicants, such as mycotoxins. Major efforts include inspection of meat, poultry and egg products, a pesticide data program designed to collect and analyze data on actual exposure levels in fruits and vegetables, development of new information and methods to detect and control microbial contamination of meat, poultry and eggs and improved techniques to control mycotoxins in foods. Research programs provide scientific and economic analytic support to the Department's inspection programs for meat, poultry and eggs and also support education programs for food producers, handlers and consumers. Programs are closely coordinated with those of the Food and Drug Administration. The budget requests an increase for 1994, largely for increased meat and poultry inspectors and the long-term investment to improve methodology for inspecting pathogens in meat and poultry.

MULTIAGENCY PROGRAMS

WATER QUALITY

Program Level
(Dollars in Millions)

Program	1993		
	1992 Actual	Current Estimate	1994 Budget
Agricultural Research Service	\$50.7	\$51.6	\$52.3
Cooperative State Research Service . . .	31.8	33.3	31.2
Economic Research Service	4.1	4.1	4.1
Extension Service	25.5	25.5	25.5
Farm Service Agency	100.5	94.5	97.8
National Agricultural Library	0.3	0.3	0.3
Total, Water Quality	<u>\$212.9</u>	<u>\$209.3</u>	<u>\$211.2</u>

USDA conducts a coordinated water quality program that consists of four components: research; economic data collection and analysis; technology development and application; and project implementation. The research program includes a major project in the midwest that brings together research resources from USDA, the States, and other Federal agencies to work on problems related to corn and soybean production. The economic data collection and analysis program provides critical information from a series of 3 to 4-year on-farm surveys of agricultural chemical use and production practices. The Extension Service and the Farm Service Agency carry out various types of projects where program resources (technical, educational, and financial assistance) are focused on identified problems in geographically defined areas.

MULTIAGENCY PROGRAMS

1890 INSTITUTIONS, TUSKEGEE UNIVERSITY AND OTHER HISTORICALLY BLACK INSTITUTIONS

Program Level
(Dollars in Millions)

Program	1992 Actual	1993 Current Estimate	1994 Budget
Agricultural Research Service	\$0.8	\$0.8	\$1.3
Cooperative State Research Service . . .	41.5	41.4	41.8
Extension Service	36.2	34.7	37.7
Farm Service Agency	5.5	6.4	6.2
Forest Service	3.1	3.7	4.3
Other Agencies	2.1	2.4	2.5
Total, 1890's Institutions	<u>\$89.2</u>	<u>\$89.4</u>	<u>\$93.8</u>

An initiative to develop the capacity of the 1890 colleges was begun in 1988 with the broad objective of improving the ties between the Department and the 17 historically black institutions established under the second Morrill Act of 1890. The centerpiece of the effort is the CSRS Capacity Building Grants program, which is budgeted at \$11.5 million in 1994. The 1890's will also receive increases in formula payments for research and extension programs, and ES grants for facilities to serve research, extension, and/or teaching functions.

Beginning in 1994, the Department proposes to establish two centers of excellence:

- 1) The Horticulture Center at Tennessee State University in cooperation with the Agricultural Research Service and the Extension Service, and
- 2) the Forestry Center at Alabama A&M in cooperation with the Forest Service.

STIMULUS SUPPLEMENTAL

STIMULUS SUPPLEMENTAL

Program Level
(Dollars in Millions)

Program	1993 Base	1993 Stimulus
Rural Development Initiative:		
Water and Waste Disposal:		
Loans	\$635.0	\$467.6
Grants	415.6	281.8
Very Low-Income Housing Repair:		
Loans	24.5	2.8
Grants	22.5	5.6
Single Family Housing:		
Guaranteed Loans	329.5	234.8
Subtotal, Rural Development Initiative . .	1,427.1	992.6
Forest Service:		
Natural Resource Protection and Environmental Infrastructure	1,562.5	187.8
Soil Conservation Service:		
Watershed and Flood Prevention Operations	240.3	47.0
Agricultural Research Service:		
Building and Facilities	34.5	37.6
Food Safety and Inspection Service	489.7	4.0
Food and Nutrition Service:		
Women, Infants, and Children (WIC)	2,899.0	75.0
Emergency Food Assistance Program:		
Commodity Purchases	162.3	23.5
Child and Adult Care Food Program, Head Start Expansion	1,319.0	56.0
Total, Stimulus	\$8,134.4	\$1,423.5

NOTE: For budget authority and outlays associated with these items see page 96.

STIMULUS SUPPLEMENTAL

The President's Economic Stimulus proposal includes 1993 supplemental spending authority of over \$1.4 billion for the Department. Major proposals include:

- Rural development:

- An additional \$467.6 million in loans and \$281.8 million in grants is included to fund rural water and waste disposal systems. These programs provide assistance to low income rural communities to alleviate health and sanitation problems. Currently, there is a backlog of \$1.5 billion in loan applications and \$600 million for grant applications. This means work can begin shortly after the funds are made available. The additional funding will create an increase in employment primarily in the construction trades. However, the provision of water and sewer systems can also provide the basis for new, long-term economic activity (page 39).
- An additional \$234.8 million is included for single family housing guaranteed loans to help meet the need for housing credit. This program is relatively new, but is becoming popular with the mortgage lending industry. Many states have exhausted their funds for 1993. Total 1993 funding of \$329.5 million is expected to be used by May 1993. Additional funds will increase opportunities for rural employment in 1993 by about 800 jobs in the construction trades (page 34).
- An additional \$2.8 million in loans and \$5.6 million in grants is included for housing repairs for very low income applicants. This program provides opportunities for very low income applicants to repair or rehabilitate existing homes. The funds can be used for a variety of purposes, including installation of handicapped equipment, connecting to water and sewage facilities, replacing roofs, and other features that help meet housing codes. These grants are reserved for very low income elderly applicants (page 34).

- Environment:

- An additional \$187.8 million is included for enhanced natural resource protection and environmental infrastructure on national forests. This is one part of an Administration proposal to protect and rehabilitate America's inventory of natural and cultural assets, restore the facilities that protect these resources, and improve public access to them (page 55).
- An additional \$47 million is included to fund small watershed improvement projects to make emergency repairs to damage from natural disasters, to reduce flooding and soil erosion, and to make improvements that will enhance the prospects for local economic growth (page 29).

STIMULUS SUPPLEMENTAL

- An additional \$37.6 million is included to finance repairs and accelerate hazardous waste clean-up at aging Federal agricultural research laboratories. Projects include renovation of obsolete laboratory facilities, repair of building deficiencies and removal of underground storage tanks and clean-up of pesticide spills. Scientists must work in up-to-date environmentally sound facilities (page 17).
- Food Safety and Nutrition:
 - An additional \$4 million is included to hire 160 additional meat and poultry inspectors. Adding more inspectors will not eliminate the limitations of the current meat inspection system which is based on visual examination. However, the Administration is determined to make the current system work as well as possible while we seek better long-term solutions. This additional funding will help to fill current vacancies in the present system (page 64).
 - An additional \$75 million is included for the Women, Infants, and Children (WIC) Program as a first step toward providing full funding for that critical program. WIC participation is increasing from 5.4 million in 1992 to 6 million in 1993 with up to 300,000 additional participants supported by this increase (page 57).
 - An additional \$23.5 million is proposed for the Emergency Food Assistance Program for the purchase of commodities to be provided to needy low income persons during the first quarter of 1994. This funding will assure a continuous supply of these urgently needed commodities throughout the remainder of this year (page 57).
 - An additional \$56 million to provide nutritious meals to the additional children who will be added to the Head Start Program under the President's proposals (page 57).

Budget Authority
(Dollars in Thousands)

Agency	1992 Actual	1993 Current Estimate	1994 Budget
SCIENCE AND EDUCATION			
Agricultural Research Service	\$736,156	\$740,395	\$707,966
Cooperative State Research Service	507,482	485,094	431,407
Extension Service	419,325	424,928	431,264
National Agricultural Library	17,790	17,815	18,015
ALTERNATIVE AGRI. RESEARCH & COMMERCIALIZATION	4,500	7,250	20,000
INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS			
Agri. Stabilization & Conservation Serv. ...	2,639,614	2,544,020	0
Foreign Agricultural Service	110,523	110,023	113,866
Commodity Credit Corporation	16,635,311	15,795,680	11,711,617
Office of International Cooperation & Dev. .	11,694	10,747	10,789
P.L. 480	954,720	1,026,723	1,054,584
NATURAL RESOURCES AND ENVIRONMENT			
Soil Conservation Service	900,386	944,887	0
Forest Service	3,350,365	3,514,596	3,394,087
FARM SERVICE AGENCY	0	0	6,417,843
SMALL COMMUNITY AND RURAL DEVELOPMENT			
Farmers Home Administration	4,650,008	2,528,708	0
Rural Development Administration	1,416,283	1,503,545	1,350,472
Federal Crop Insurance Corporation	583,370	595,742	452,584
Rural Electrification Administration	-366,010	-1,212,628	-1,423,515
FOOD AND CONSUMER SERVICES			
Food and Nutrition Service	33,067,448	38,622,341	42,739,650
Section 32	423,098	627,768	521,515
Human Nutrition Information Service	10,788	10,788	13,142
MARKETING AND INSPECTION SERVICES			
Food Safety Inspection Service	475,320	495,655	415,698
Animal and Plant Health Inspection Service .	470,300	461,016	455,278
Agricultural Marketing Service	163,374	162,312	144,184
Federal Grain Inspection Service	11,397	11,397	4,685
Agricultural Cooperative Service	5,640	5,640	5,283
Packers and Stockyards Administration	12,009	11,996	12,203
ECONOMICS			
Economic Research Service	59,302	59,325	51,850
National Agricultural Statistics Service ...	82,906	81,254	82,722
World Agricultural Outlook Board	2,452	2,537	2,582
ADMINISTRATION			
Office of the Secretary	8,716	8,971	9,145
Departmental Administration	25,385	25,798	27,298
Hazardous Waste Management	26,350	16,000	16,000
Rental Payments and Building Operations	76,379	76,013	76,084
Advisory Committees	2,038	952	952
Office of Public Affairs	9,393	9,393	9,553
Office of the Inspector General	62,786	62,786	63,918
Office of Budget and Program Analysis	6,149	5,756	5,853
Office of the General Counsel	24,554	24,554	25,045
Gifts and Bequests	757	2,728	2,728
Offsetting Receipts	-1,310,005	-1,676,296	-1,828,276
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	\$66,288,053	\$68,146,209	\$67,548,071

UNITED STATES DEPARTMENT OF AGRICULTURE
Outlays
(Dollars in Thousands)

Agency	1992 Actual	1993 Current Estimate	1994 Budget
SCIENCE AND EDUCATION			
Agricultural Research Service	\$686,469	\$715,242	\$699,594
Cooperative State Research Service	426,295	461,931	482,670
Extension Service	404,355	423,720	417,247
National Agricultural Library	15,355	17,058	17,932
ALTERNATIVE AGRI. RESEARCH & COMMERCIALIZATION	154	2,268	5,513
INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS			
Agri. Stabilization & Conservation Serv. ...	2,626,760	2,805,389	0
Foreign Agricultural Service	117,303	110,023	119,514
Commodity Credit Corporation	9,741,680	17,133,824	11,988,348
Office of International Cooperation & Dev. .	6,271	11,797	11,619
P.L. 480	972,470	1,230,422	1,071,825
NATURAL RESOURCES AND ENVIRONMENT			
Soil Conservation Service	834,599	963,916	0
Forest Service	3,293,472	3,447,389	3,367,366
FARM SERVICE AGENCY	0	0	6,086,221
SMALL COMMUNITY AND RURAL DEVELOPMENT			
Farmers Home Administration	3,539,008	2,562,393	0
Rural Development Administration	924,622	1,055,629	1,041,592
Federal Crop Insurance Corporation	954,101	867,141	834,050
Rural Electrification Administration	-933,982	-310,296	-774,788
FOOD AND CONSUMER SERVICES			
Food and Nutrition Service	32,096,485	35,017,603	37,593,209
Section 32	556,628	492,185	467,600
Human Nutrition Information Service	9,608	8,957	11,864
MARKETING AND INSPECTION SERVICES			
Food Safety Inspection Service	467,962	495,655	409,720
Animal and Plant Health Inspection Service .	448,004	498,037	453,188
Agricultural Marketing Service	150,047	162,197	143,166
Federal Grain Inspection Service	10,504	10,827	4,541
Agricultural Cooperative Service	4,993	5,522	5,218
Packers and Stockyards Administration	10,891	11,996	12,214
ECONOMICS			
Economic Research Service	57,910	57,343	51,623
National Agricultural Statistics Service ...	80,063	80,643	82,168
World Agricultural Outlook Board	2,380	2,486	2,533
ADMINISTRATION			
Office of the Secretary	8,066	8,817	9,107
Departmental Administration	24,580	25,781	27,074
Hazardous Waste Management	21,847	32,787	24,110
Rental Payments and Building Operations	71,601	76,254	75,668
Advisory Committees	1,576	1,448	948
Office of Public Affairs	9,463	9,444	9,522
Office of the Inspector General	60,116	62,959	63,655
Office of Budget and Program Analysis	5,520	5,827	5,814
Office of the General Counsel	25,070	24,451	25,002
Gifts and Bequests	1,369	2,728	2,728
Working Capital Fund	13,844	0	0
Offsetting Receipts	-1,310,005	-1,676,296	-1,828,276
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	\$56,437,454	\$66,915,497	\$63,021,099

UNITED STATES DEPARTMENT OF AGRICULTURE

Staff Years

Agency	1992 Actual	1993 Estimate	1994 Estimate	1995 Estimate	1996 Estimate	1997 Estimate	1998 Estimate
SCIENCE AND EDUCATION							
Agricultural Research Service	8,332	8,150	8,100	7,923	7,923	7,917	7,855
Cooperative State Research Service	218	230	260	225	225	225	223
Extension Service	200	180	180	176	176	176	175
National Agricultural Library	216	209	209	204	204	204	203
INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS							
Agricultural Stabilization and Conservation Service	3,353	3,349	----	----	----	----	----
County Offices	(15,320)	(15,476)	----	----	----	----	----
Foreign Agricultural Service	898	898	898	878	878	878	871
Office of International Cooperation and Development	187	208	208	201	201	200	199
NATURAL RESOURCES AND ENVIRONMENT							
Forest Service	43,427	41,155	41,237	41,380	41,329	41,129	40,936
Soil Conservation Service	13,524	13,782	----	----	----	----	----
FARM SERVICE AGENCY							
Farm Service Agency	----	----	28,181	26,620	25,303	24,053	22,865
County Offices	----	----	(13,988)	(13,289)	(12,625)	(11,994)	(11,394)
SMALL COMMUNITY AND RURAL DEVELOPMENT							
Farmers Home Administration	12,261	12,446	----	----	----	----	----
Rural Development Administration	140	402	402	393	393	393	390
Rural Electrification Administration	509	523	520	509	509	508	504
Federal Crop Insurance Corporation	826	865	845	827	827	826	819
FOOD AND CONSUMER SERVICES							
Human Nutrition Information Service	103	110	110	108	108	108	107
Food and Nutrition Service	1,962	1,979	1,979	1,936	1,936	1,934	1,919
MARKETING AND INSPECTION SERVICES							
Federal Grain Inspection Service	680	750	750	734	734	733	727
Animal and Plant Health Inspection Service	6,244	6,530	6,470	6,329	6,329	6,324	6,275
Food Safety and Inspection Service	9,642	9,722	9,877	10,042	10,292	10,342	10,392
Agricultural Cooperative Service	70	69	69	67	67	67	67
Agricultural Marketing Service	4,484	4,273	4,300	4,156	4,156	4,153	4,122
Packers and Stockyards Administration	186	191	191	187	187	187	185
ECONOMICS							
Economic Research Service	804	793	762	682	682	682	682
National Agricultural Statistics Service ..	1,162	1,155	1,145	1,121	1,121	1,120	1,110
World Agricultural Outlook Board	30	35	35	34	34	34	34
ADMINISTRATION							
Office of the Secretary	86	97	97	95	95	95	94
Alternative Agriculture Research and Commercialization Center	2	7	7	7	7	7	7
Departmental Administration	2,375	2,528	2,500	2,445	2,445	2,443	2,425
Office of Budget and Program Analysis	70	76	76	74	74	74	74
Office of Public Affairs	139	156	156	153	153	152	151
Office of the Inspector General	876	850	850	831	831	831	824
Office of the General Counsel	402	420	408	399	399	398	395
Total, USDA Staff Years	113,405	112,145	110,849	108,747	107,770	106,206	104,642

UNITED STATES DEPARTMENT OF AGRICULTURE

1994 INVESTMENT PROPOSALS
(Dollars in Millions)

Program	1994 Budget		1994-97 Estimate	
	Budget Authority	Outlays	Budget Authority	Outlays
Rural Development Initiative:				
Water and Waste Disposal:				
Loan Subsidy	\$31.9	\$1.6	\$149.7	\$59.4
Grants	140.0	5.6	740.0	281.2
Business and Industry Loan Subsidy	1.9	0.5	15.9	10.0
Community Facility Loan Subsidy	32.8	4.8	177.7	99.2
Intermediary Relending Program	78.6	7.9	495.5	195.2
Rural Development Grants	30.0	3.3	180.0	93.8
Single Family Housing Loan Subsidy	35.0	52.7	382.1	359.0
Housing Repair Loan Subsidy	11.7	10.8	69.8	68.2
Housing Repair Grants	18.0	17.1	137.4	135.9
Rental Assistance Payments	75.0	2.6	450.0	117.5
Housing Vouchers	75.0	0.5	450.0	67.8
Enhanced Telecommunications, Including Distance Learning and Medical Links	3.2	0.2	0.0	2.2
Subtotal, Rural Development Initiative	501.2	106.0	3,098.4	1,430.0
Food Safety and Inspection Service	18.0	14.0	120.0	111.0
National Research Initiative	30.0	2.0	480.0	188.0
Food and Nutrition Service:				
Women, Infants, and Children (WIC)	350.0	319.6	2,725.0	2,638.0
Child and Adult Care Food Program	115.0	99.2	800.0	761.2
Food Stamp Program	603.0	584.9	5,758.0	5,705.1
Emergency Food Assistance Program	40.0	40.0	244.0	244.0
Natural Resource Protection and				
Environmental Infrastructure	79.0	56.1	565.0	465.2
Forest for the Future	30.0	24.0	180.0	170.0
Tree Planting Initiative	25.0	20.0	199.0	185.0
Forestry Research Initiative	20.0	16.0	287.0	261.0
Governmentwide Technology Initiative	7.0	6.3	84.0	40.2
Total Investments	\$1,818.2	\$1,288.1	\$14,540.4	\$12,198.7

UNITED STATES DEPARTMENT OF AGRICULTURE

1994 SAVINGS PROPOSALS
(Dollars in Millions)

Program	1994 Budget		1994-97 Estimate	
	Budget Authority	Outlays	Budget Authority	Outlays
DISCRETIONARY SAVINGS:				
Farm Service Agency:				
Create a Single Farm Service Agency	\$61.0	\$59.0	\$735.0	\$723.0
Rural Electrification Administration:				
Make Loans at Treasury Rates	194.0	27.0	818.0	374.0
Forest Service:				
Phase-out Below-cost Timber Sales	46.0	46.0	274.0	274.0
New User Fees:				
Food Safety and Inspection Service	104.0	104.0	416.0	416.0
Agricultural Marketing Service	6.2	6.2	24.6	24.6
Federal Grain Inspection Service	6.9	6.9	28.3	28.3
Agricultural Cooperative Service	0.4	0.4	1.9	1.9
Reform Federal Crop Insurance Program	105.0	105.0	551.0	551.0
Reduce Lower Priority Earmarked Programs:				
Agricultural Research Service:				
Facility Construction	11.0	1.0	44.0	24.0
Cooperative State Research Service:				
Facility Construction	53.0	3.0	222.0	86.0
Special Grants	44.0	4.0	182.0	96.0
Extension Service Grants	13.0	13.0	54.0	54.0
Reduce Lower Priority Programs:				
Economic Research Service	8.8	7.0	58.8	55.3
Foreign Agricultural Service	10.0	5.0	40.0	35.0
P.L. 480:				
Reduce Title III Grants	59.0	30.0	290.0	246.0
Enterprise for the Americas Debt Reduction	6.0	6.0	79.0	79.0
Total Discretionary Savings	728.3	423.5	3,818.6	3,068.1
MANDATORY SAVINGS:				
Commodity Credit Corporation:				
Farm Payments Limited to Those With Less Than \$100,000 in Off-farm Income	75.0	75.0	470.0	470.0
Limit Wool and Mohair Direct Support Payments to \$50,000 Per Person	10.0	10.0	212.0	212.0
Money Subsidies Would Be Eliminated	12.0	12.0	32.0	32.0
"Triple Base" Acres Would Be Increased From 15% to 25%	0.0	0.0	1,340.0	1,340.0
Increase Assessments on Non-Program Crops	0.0	0.0	365.0	365.0
Eliminate 0/92 and 50/92 Programs	0.0	0.0	835.0	835.0
Freeze Market Promotion Program	52.3	52.3	209.2	209.2
Reform Federal Crop Insurance	0.0	0.0	739.0	739.0
Forest Service:				
Increase Grazing and Recreation Fees	12.0	12.0	74.0	74.0
New User Fees for Marketing Agreements and Orders	10.7	10.7	42.8	42.8
Food and Nutrition Service:				
Food Stamp Program, Limit Federal Share of State's Administrative Expenses to 50%	20.0	20.0	140.0	140.0
Total Mandatory Savings	192.0	192.0	4,459.0	4,459.0
Total Savings	\$920.3	\$615.5	\$8,277.6	\$7,527.1

UNITED STATES DEPARTMENT OF AGRICULTURE

1993 STIMULUS PROPOSALS
(Dollars in Millions)

Program	1993 Estimate		1994-97 Outlays
	Budget Authority	Outlays	
Rural Development Initiative:			
Water and Waste Disposal:			
Loan Subsidy	\$66.8	\$1.3	\$65.5
Grants	281.8	5.6	276.1
Very Low-Income Housing Repair:			
Loan Subsidy	1.1	1.1	0.0
Grants	5.6	5.3	0.3
Single Family Housing Loan Subsidy	4.3	3.5	0.8
Subtotal, Rural Development Initiative	359.6	16.8	342.7
Forest Service:			
Natural Resource Protection and Environmental Infrastructure	187.8	168.8	19.0
Soil Conservation Service:			
Watershed and Flood Prevention Operations	47.0	24.0	23.0
Agricultural Research Service:			
Building and Facilities	37.6	29.1	8.5
Food Safety and Inspection Service	4.0	4.0	0.0
Food and Nutrition Service:			
Women, Infants, and Children (WIC)	75.0	68.5	6.5
Emergency Food Assistance Program:			
Commodity Purchases	23.5	23.5	0.0
Child and Adult Care Food Program	56.0	48.3	7.7
Total, Stimulus	\$243.1	\$197.4	\$45.7

